

Google™

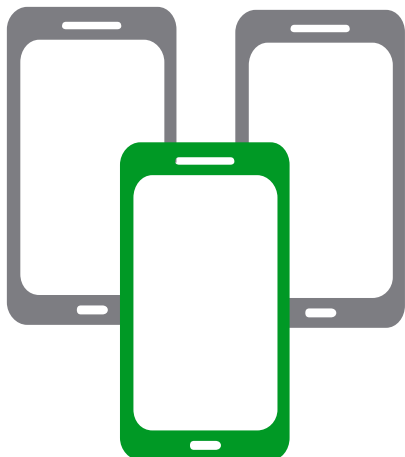
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Wireless Shopper Study

April 2013



Executive Summary



Wireless shoppers want more speed & flexibility

- 4G Availability & No Contract Plans were the fastest rising considerations shoppers deemed important YOY.

New phones drive more purchases

- 35% purchase to get the latest & greatest device, up from 25% last year. Upgrades remain the #1 purchase driver at 42% but this reason is down 9% YOY.
- 1 in 3 smartphone buyers select a phone first, then a carrier.

Consumers are undecided and more likely to switch carriers

- 30% switched carriers, up 39% YOY.
- 66% of shoppers considered 2 or more phone models and 47% considered 2 or more carriers.

Executive Summary (continued)



80% of wireless shoppers research online

- The internet is the #1 resource used to research phones, more than friends, family & stores.
- Consumers use twice as many digital sources this year vs. last year.
- Research on mobile devices has tripled YOY.
- Wireless shoppers are 4x more likely to watch videos about cell phones this year vs. last year.

Digital ads drive action

- 79% of shoppers who saw an online video ad looked up the cell phone advertiser for more information.
- 38% of buyers searched on a wireless term within a week of viewing a cell phone video on YouTube.
- Exposure to search ads on category & OEM terms triples brand awareness & consideration.

Executive Summary (continued)



Wireless searches have increased considerably year over year

- The average wireless shopper conducts 7 wireless related queries, up 82% year over year.
- Online *buyers* search even more, conducting 14 wireless related searches before purchasing, up 68% year over year.
- 77% of shoppers that researched a phone on their smartphone, used searched, up 141% vs. last year.

Prospects search differently from existing customers

- Prospects are more likely to search on category/OEM terms than carrier brand terms: 80% of all clicks on carrier search ads served on category & OEM terms are from prospects, compared to only half of clicks on carrier brand terms.

Methodology

Goal was to better understand how the online consumer shops for cell phones.

Using Compete's 2 million US consumer panel, we looked at wireless consumers' online shopping activity to understand shopping and searching patterns.




Analyzed the behavior of cell phone purchasers, looking at their online behavior backward from the point of purchase.



Surveyed cell phone shoppers to understand their shopping behavior.

Surveys were fielded Nov. 2012
(n=1,289)





Wireless shoppers increasingly demand data, speed & flexibility

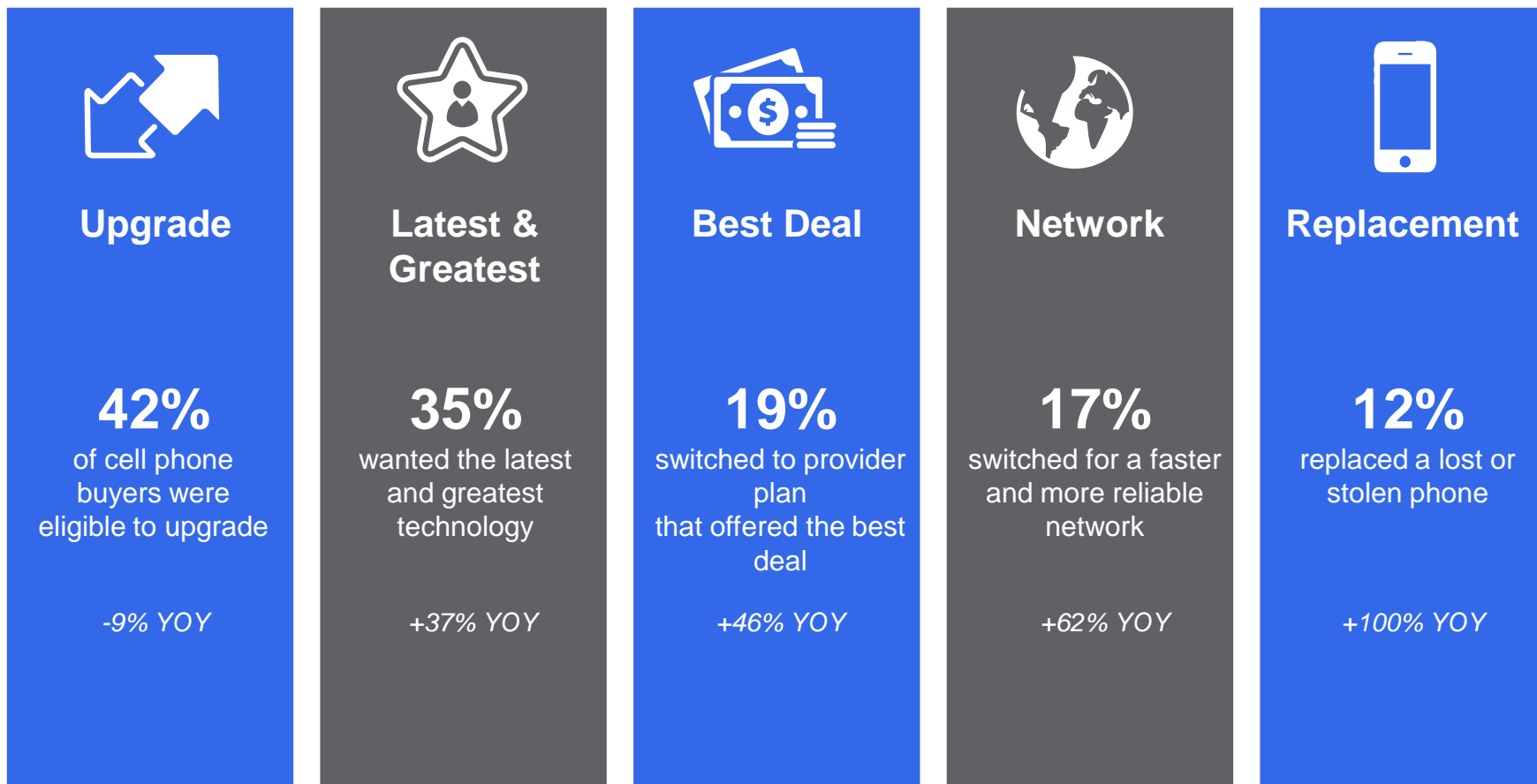
31%

More people consider 4G availability important

41%

More people consider availability of no-contract plans important

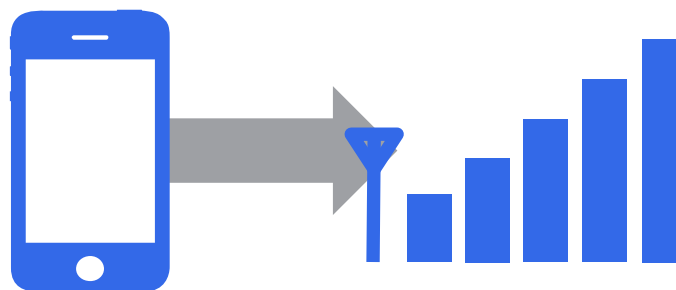
Better phones, network & deals trigger more purchases; upgrades are down



New phone launches are key time periods for carriers to win new customers

32%

of shoppers select a phone first, then select a carrier



(48% of shoppers that **switched carriers** selected a phone first, then selected a carrier)

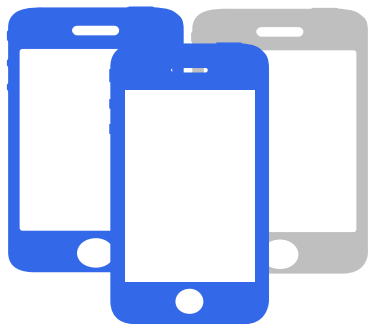
Shoppers are undecided and more likely to switch

Less device exclusivity drives more competition among carriers

66%

of shoppers considered 2 or more phone models

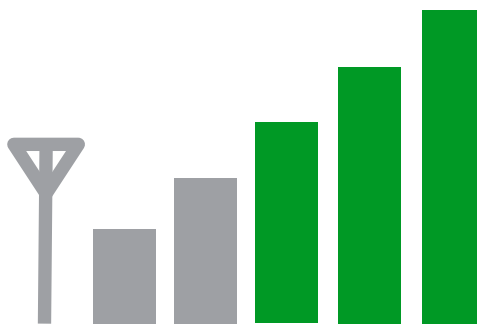
-9% vs. 2011



47%

of purchasers considered 2 or more carriers

+134% vs. 2011



30%

switch carriers when purchasing

+39% vs. 2011



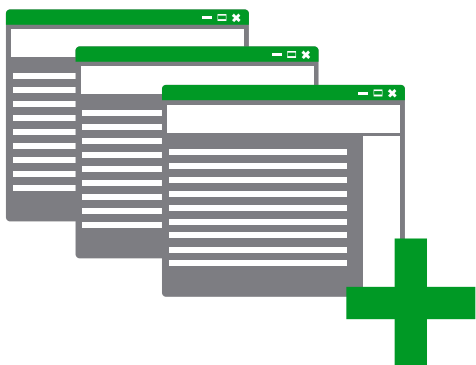
Most shoppers research online to inform decisions

80% of all wireless shoppers
research online

The internet is the **#1 resource** wireless shoppers use to research phones

Shoppers spend ample time researching phones

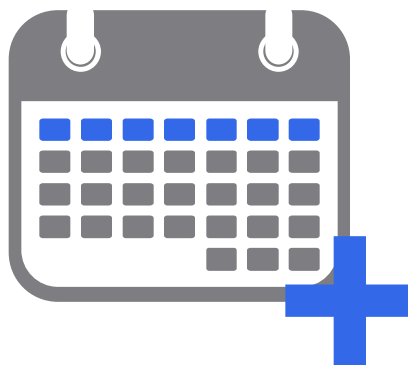
Most take 2+ weeks to research, visit 3+ brands, conduct 7 searches



76%

vs. 74% in '11 (+3%)

of wireless customers visit 3+ different brand sites when shopping



57%

vs. 60% in '11 (-5%)

of research sessions happen 2 weeks or more before visitors purchase online



6.9

vs 3.8 in '11 (+82%)

Average number of wireless searches done by shoppers prior to purchase

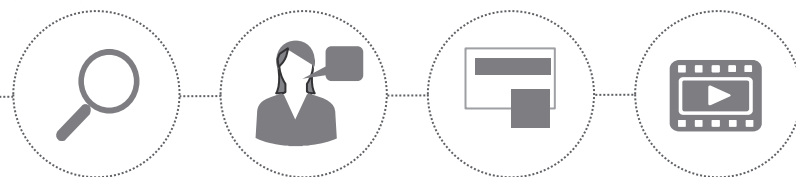
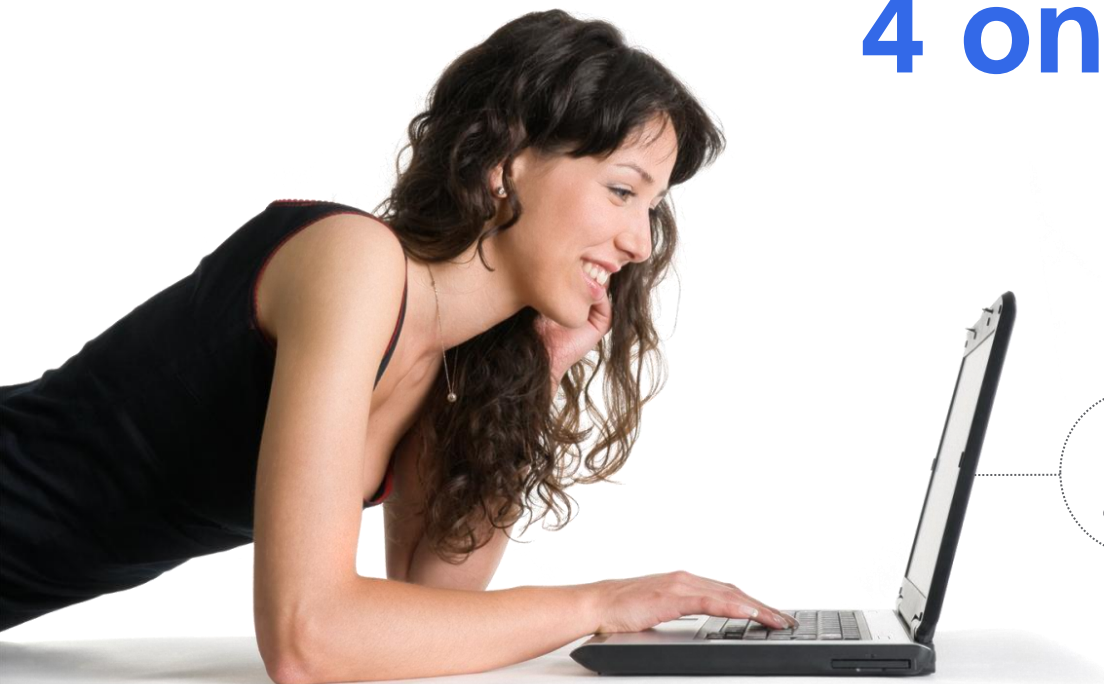
Digital is used more than ever

The average number of digital sources has doubled YOY

The average customer uses
4 online sources

while shopping for his/her
wireless phone

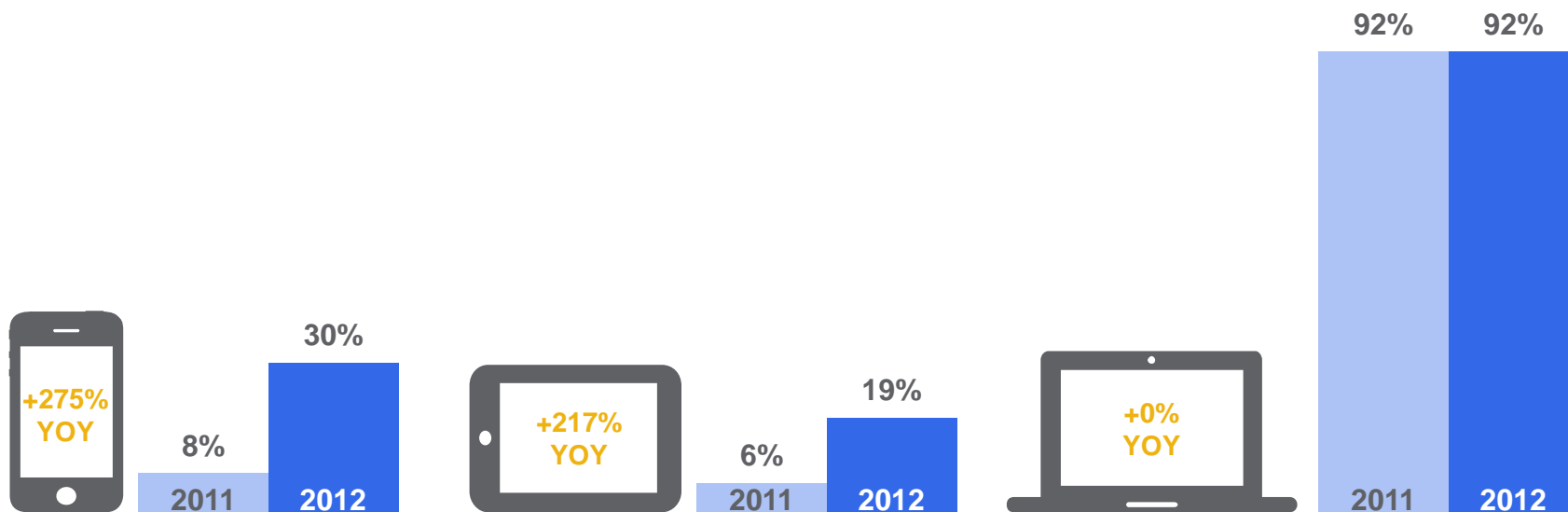
vs. 2.3 in '11



Shopping has moved well beyond desktop

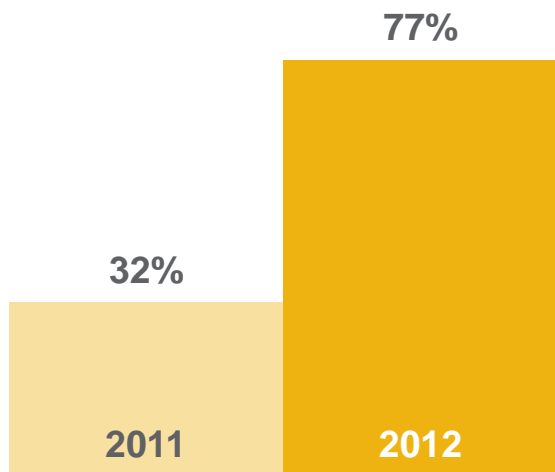
Mobile and tablet use has more than tripled since '11

Percentage of shoppers who report using...

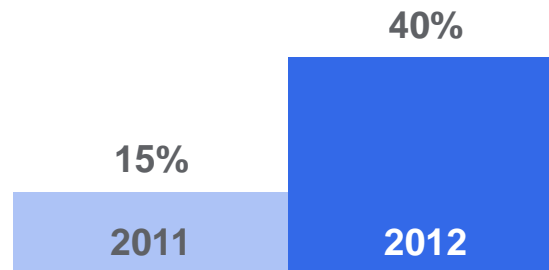
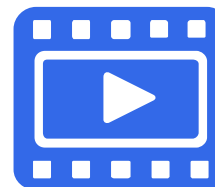


...to research cell phones

More mobile researchers shop using search and video on their phone



+141%



+167%

One third of shoppers use mobile devices to research while in retail stores

Of those who researched on their mobile device in store...



47% Viewed a product description

39% Checked the price at other locations

38% Looked for discounts/offers

27% Looked up shipping information of a cell phone I was considering purchasing online

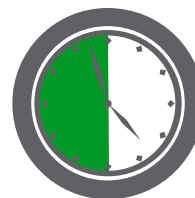
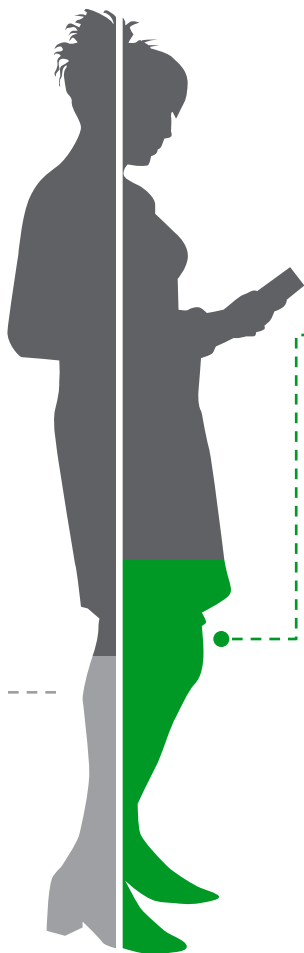
More shoppers are turning to online video

Shoppers are

4x more likely

to watch cell phone videos in 2012

23% watch online videos about cell phones while shopping for a new cell phone

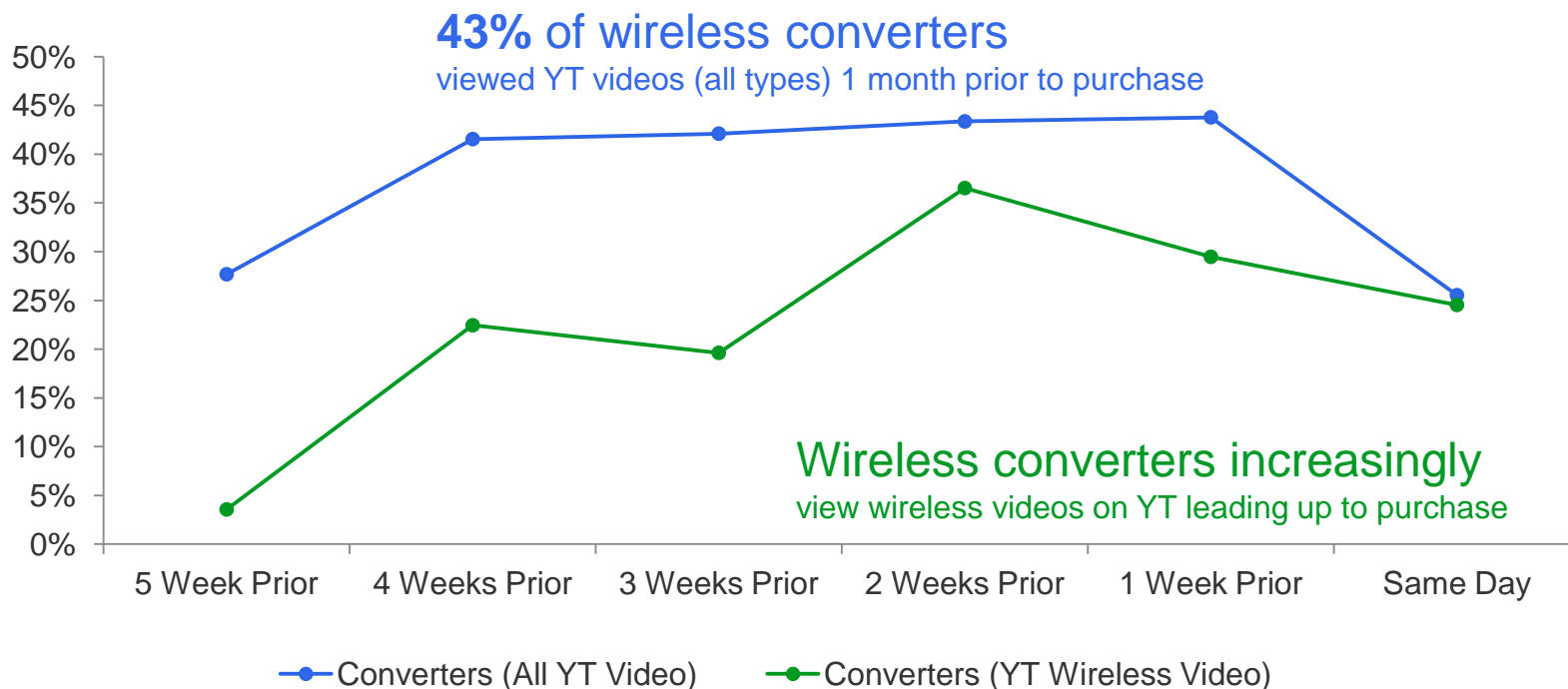


34%

of video viewers watch 30+ minutes of cell phones videos online during the research process

Viewership of wireless videos ramp up 4 weeks prior to purchase

% of Wireless Converters Viewing YouTube Prior to Purchase
All Videos vs. Wireless Videos



Online videos drive action

As a result of watching videos about cell phones online...

Contacted a store

42% Visited a store that sells cell phones



Contacted friends/family

39% Talked to family/friends about cell phones

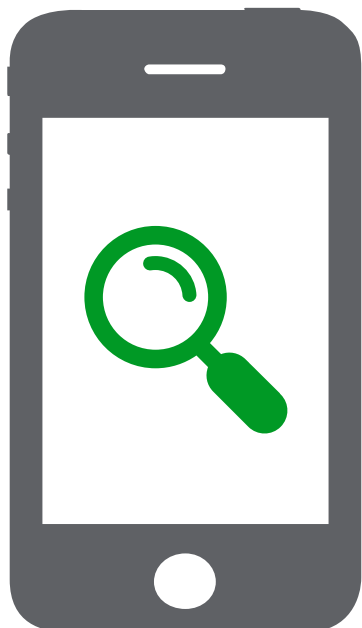
20% Shared the video



Searched

38% of online buyers searched on a wireless term within the same week of viewing a wireless video on YouTube*





79%

of shoppers who saw an **online video ad** looked up the cell phone advertiser for more information

Cell phone video viewers spend more on phones

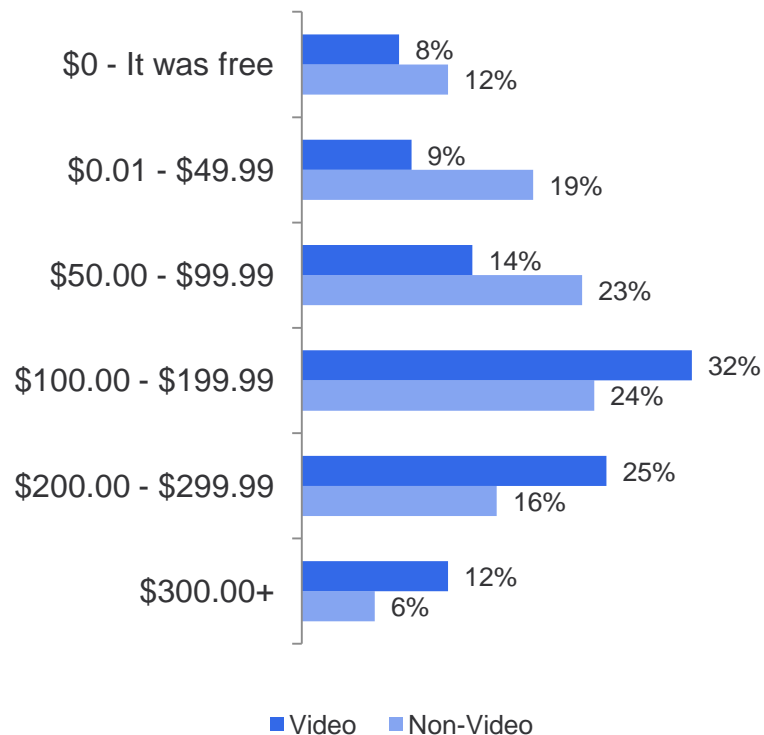
Twice as many video shoppers spent \$300+ than non-video shoppers

69%

of video shoppers
spent **\$100+**



Amount Spent on Cell Phone...



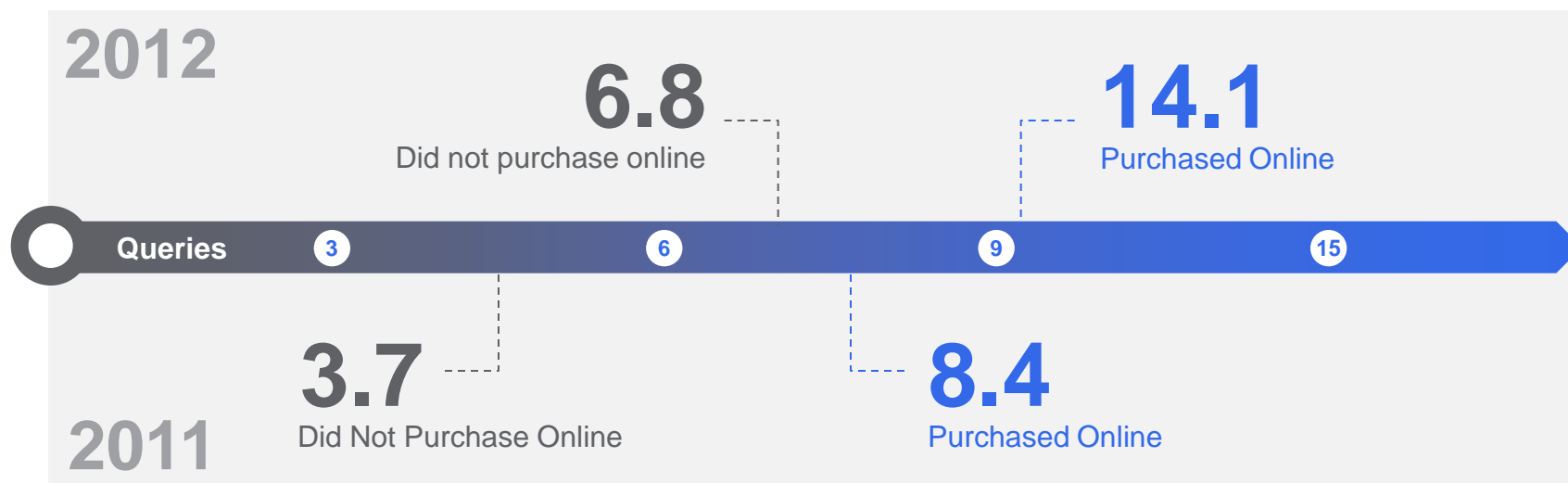
Source: Compete/Google Wireless Shopper Study, Feb 2013

Q. SPEND2. Which of the following best describes the price range of the cell phone you recently purchased? Please select one answer only. N=668

More time is spent with search

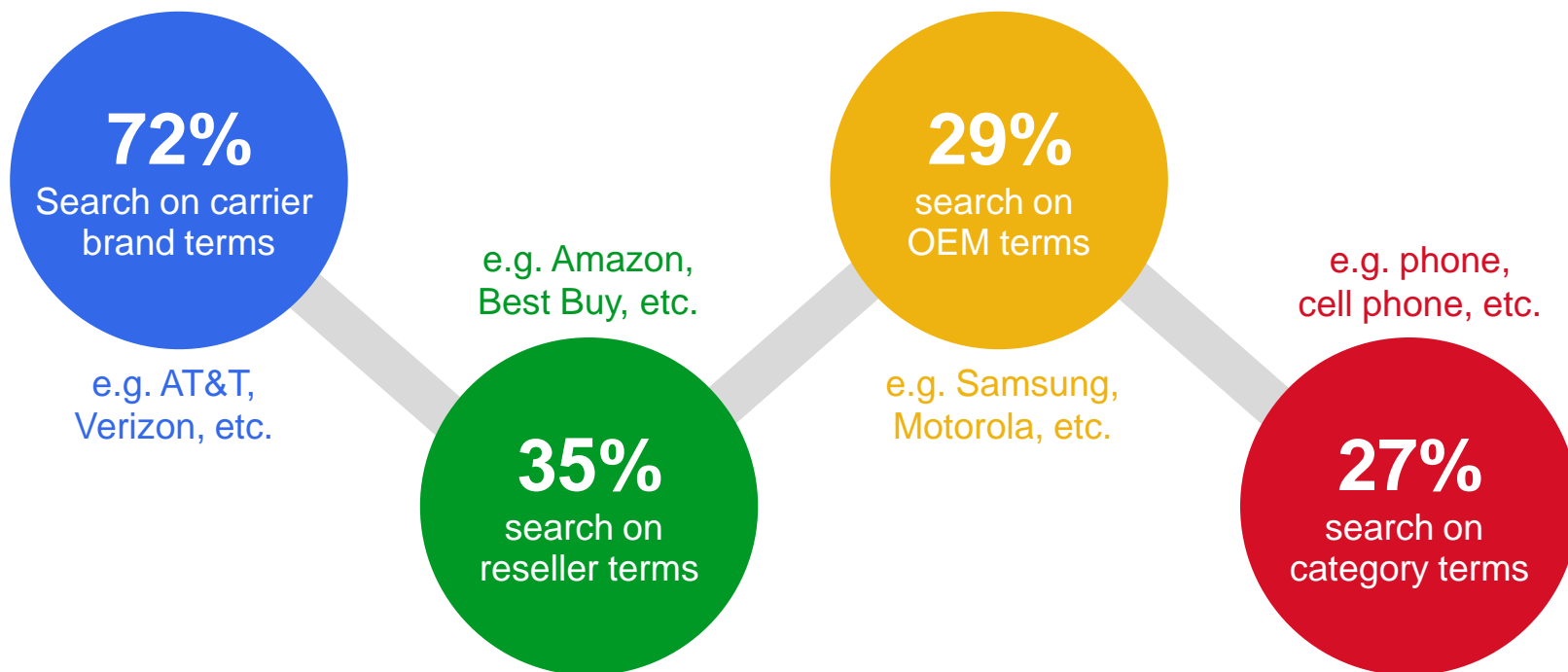
68% increase in searches by converters

Avg. Search Path Length



Search is spread across keywords types

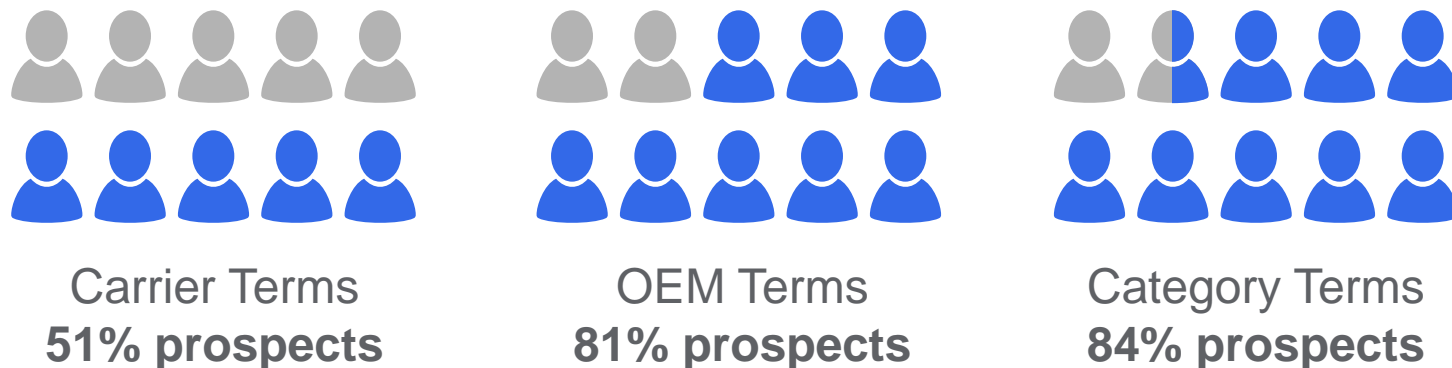
Brand and category terms saw significant jumps in '12; resellers declined



Increase in brand terms likely due to **proliferation of non-exclusive devices**

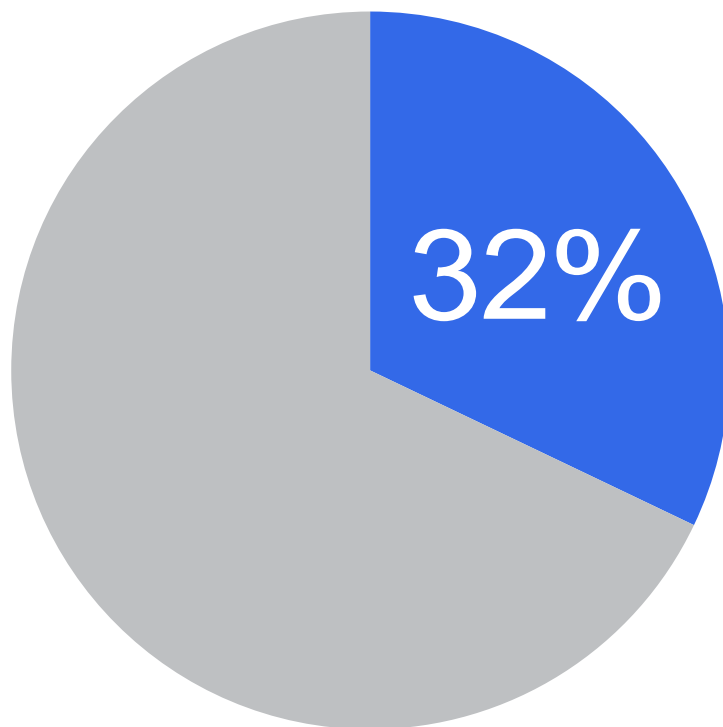
Shoppers that search on category and OEM terms are more likely to be prospects for carriers

Distribution of Paid Clicks on Carrier Ads by Customer Type



 Prospect  Existing Customer

Advertisers relying solely on organic search miss over 1 in 3 converters



of online conversions from search are
referred by paid clicks

A mere impression on a search ad increases brand awareness

Brand Search Lift from Impression = **3x**
 Brand Search Lift from Ad Click = **8x**

Google

Web Images Maps Shopping News More Search tools

About 153,000,000 results (0.41 seconds)

Ads related to **smartphone plan**

[AT&T Mobile Share - att.com](#)
www.att.com/MobileShare
 It's Affordable For the Family to Share One Data Plan.
 Store Locator Android
 iPhone Mobile Hotspot

[Free Samsung Galaxy SII - Sprint.com](#)
www.sprint.com/Free-Galaxy-SII
 Switch to the Sprint® Network Today and Get a Free Samsung Galaxy SII.
 » Map of 100 Cambridge Side Pl, Cambridge, MA
 Buy iPhone 5 - Find a Store

[Verizon Wireless Prepaid - No Contract. No Problem.](#)
www.verizonwireless.com/prepaid
Smartphone Plans as low as \$60!
 \$60 Prepaid Plan - \$70 Prepaid Plan with 2X The Data - Prepaid Smartphone

[Cell Phone Plans, Data Plans, Prepaid Plans, & Family Plans from ...](#)
www.att.com/shop/wireless/plans-new.html
 My Wireless Cart Cart Icon. **Smartphone Plans**; Tablet Plans; Quick Messaging & Basic Phone Plans; Prepaid Phone Plans. We have 3 plan types that work well ...
 Family Plans - AT&T Data Plan - Messaging Unlimited Plan

[True cost of a smartphone: Price plan comparison | Dialed In - CNET ...](#)

Google

Web Images Maps Shopping More Search tools

About 70,700,000 results (0.30 seconds)

Ads related to **at&t phones**

[AT&T® Official Site - Phones Starting at Free - att.com](#)
www.att.com/wireless
 Enjoy Free Overnight Shipping on Select Orders
 » Map of 100 Cambridgeside Place, Suite W108, Cambridge, MA
 Log in to Your Account \$0.01 Smartphone Sale
 \$100 Off Any Tablet Free Phones

[AT&T 99¢ Cell Phones - Shop The Latest 4G LTE Devices.](#)
www.attonlineoffers.com/
 Order Online + Free 2 Day Shipping!
 Free Sharp FX Plus - 99¢ GSII Skyrocket White - Shop Refurb Specials

[The HTC One Smartphone - HTC.com](#)
www.htc.com/HTCOne - ★★★★★ 50 seller reviews
 Your Life is Stunning, Your Phone Should be Too. The All New HTC One.
 \$100 Trade Up Program - Zoe™ w/ UltraPixel Camera - Register Now

[Phones, Cell Phones, Smartphones & Mobile Devices from AT&T](#)
www.att.com/shop/wireless/devices/cellphones.html
 15+ items - Get **AT&T Phones**, Smartphones, Cell Phones, FREE Phones, ...
 Samsung Galaxy S® III (Refurbished) Write a review
AT&T Wireless Home Phone (9)
 Pantech - Pantech Pocket - LG A340 - Pantech Burst

When carriers run ads, searchers take action (even if they don't click immediately)

Exposure to carrier ads on **category terms** result in more purchasers & engaged visitors

Category Terms

(ie smartphone, best mobile phone)

	Value of Impression Exposed to Ad & Didn't Click	Value of Click Exposed to Ad & Clicked
Site Visits	3.0x more likely than those who weren't exposed	14.8x more likely than those who weren't exposed
Brand Searches	2.9x	8.0x
Product Views	3.3x	18.2x
Add to Cart	3.4x	22.0x
Conversions	3.7x	21.0x

When carriers run ads, searchers take action (even if they don't click immediately)

Exposure to carrier ads on **OEM terms** result in more purchasers & engaged visitors

OEM Terms

(ie Samsung Galaxy S3, iPhone)

	Value of Impression Exposed to Ad & Didn't Click	Value of Click Exposed to Ad & Clicked
Site Visits	3.0x more likely than those who weren't exposed	15.8x more likely than those who weren't exposed
Brand Searches	3.0x	11.5x
Product Views	3.5x	27.3x
Add to Cart	3.2x	25.8x
Conversions	4.1x	16.8x

Most will complete the transaction in-store

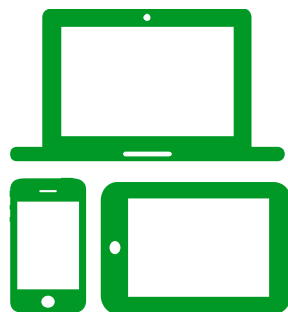
While 80% research online, 65% purchase offline

Purchase Outlets



61%

In Store



35%

Online via PC,
smartphone or tablet



4%

Phone Call

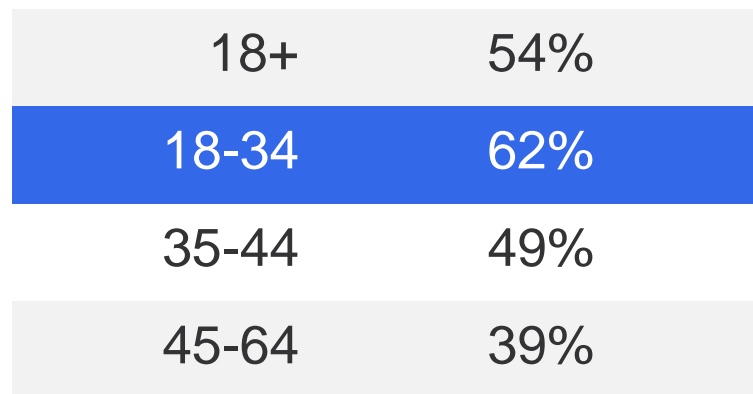
Over half spend \$100+ on their phone purchase

Millennials spend more money on cell phones than older age groups

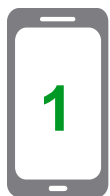
Cell Phone Purchased Price Range



% that Spent \$100+ on Phone by Age



Recommendations for Wireless Advertisers



New devices drive more purchases year over year so a strong product launch campaign is necessary to win and retain customers.

As consumers spend more time with online video, *generate demand* with in-video ads. 80% of wireless shoppers research phones online so *capture demand* with ads in search & adjacent to relevant articles and videos. Remember to begin product launch campaigns early, focusing on pre-launch, as 57% of consumers begin shopping 2+ weeks in advance of purchasing.



The proliferation of non-exclusive devices has resulted in more switching, brand uncertainty and cross shopping so influence shoppers when they research.

Each time a consumer searches on a wireless term or views wireless content online is an opportunity to either retain or acquire a customer. Wireless shoppers are using *twice as many digital sources* YOY and more undecided shoppers are searching on category terms (ie best smartphone). Invest more across online platforms and seize the opportunity to connect with consumers.

Recommendations for Wireless Advertisers



Focus on younger demographics since they spend more money on their phones than the average adult.

These consumers are more likely to use digital for both entertainment and research so it's important to reach this consumer segment where they spend the most time.



Drive consideration and action with digital ads.

Exposure to search ads on category & OEM terms *triples* brand awareness & consideration compared to those wireless searchers not exposed to ads. 79% of wireless shoppers who saw an online video ad looked up the cell phone advertiser for more information. Continue to invest in digital ads – it's working.



Reach prospects with search ads on category terms.

Potential new customers search differently than existing customers. Shoppers that search on category/non-brand terms are far more likely to be prospects those that search on brand terms. In order to acquire *new* customers, invest in top ad positions on category/non-brand terms.

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Wireless Shopper Study

Appendix



Methodology – Industry Definition

Evaluated Visits & KPIs

- Amazon
- Apple
- AT&T
- Best Buy
- Boost Mobile
- Leap Wireless
- Metro PCS
- Motorola
- Newegg
- RadioShack
- RIM/Blackberry
- Samsung
- Sprint
- T-Mobile
- Tracfone
- US Cellular
- Verizon Wireless
- Virgin Mobile
- Walmart
- Wirefly

Evaluated Visits Only

- Let's Talk
- LG
- Nokia
- Palm
- Sony Ericsson
- Target
- HTC
- C Spire
- Consumer Cellular
- Jitterbug/GreatCall