

Wireless Panel Summary

December Survey: Wireless Handsets

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Understanding the Importance of Brand Name in the Handset Market

The handset market has been booming for years in many parts of the world, but its growth began to slow in early 2002. The latter part of 2002 and the entire year 2003 were more favorable, as handset shipments began an upward growth path again.

Key market drivers of this worldwide growth included new handsets with more exciting features, such as Multimedia Messaging Service (MMS) capability, games, ring tones and audio capability, color displays at affordable prices, camera-phones available on a wider basis, and at reasonable prices, and more handsets capable of advanced data (GPRS and CDMA 1xRTT), and multi-band roaming.

Although the market is ticking up, not everything is rosy. Significant challenges remain for handset makers, including: consumer reluctance to spend beyond the \$100 to \$150 range for replacement models; spotty rollout of high-speed networks; already high penetration rates in developed countries; struggling economies around the globe (with China and Russia as exceptions); and market uncertainty due to political/terrorist tensions.

Beyond these issues, more competitive pressure also looms on the horizon. While a few key players used to dominate the handset market, in the past year, many new manufacturers have appeared and are gaining traction, much to the larger players' dismay. One of the drivers encouraging the competition, according to research from In-Stat/MDR's Wireless Panel, is that business users care much less about the brand than the features provided on a cellular phone.

In December 2003, In-Stat/MDR conducted a research study that surveyed more than 1,500 US cellular phone users about their attitudes and preferences about various brands of wireless handsets. The study shows that, while brand is important, it is not the key driver in a handset purchase. Overall, the top two purchase drivers listed include previous experience with the brand and the features that came on the device. Brand name was listed ninth most often. Top purchase drivers vary by brand. Audiovox users primarily purchased their handsets due to the features and the good value. Kyocera, LG, Samsung, Sanyo and Sony-Ericsson users primarily purchased their devices due to the features. Motorola and Nokia handset users say they purchased their devices primarily due to their previous experience with the brand. Overall, about one-quarter (26%) of respondents say that brand is extremely or very important in their purchase decision.

Over two-thirds of respondents are extremely or very satisfied with their phones. Users of some devices are more satisfied than others. Users of Sanyo, LG, Nokia, Samsung and Motorola devices are most satisfied.

By far, Nokia and Motorola have the greatest brand awareness. Nokia and Motorola handsets are the most popular, used by more respondents than any other brand by a factor of three or more. Since many cellular phone companies brand their phones with their own name, many wireless service providers, such as Verizon, Sprint and Nextel, were also named (even though they don't manufacture handsets).

Nokia and Motorola are perceived as offering the widest variety of handsets on the market, the most innovative phones, and the most feature-rich phones. It is interesting to note that, while Nokia is considered to offer the best quality, most feature-rich phones, it is also believed to offer the most inexpensive, commodity-type phones. Motorola and Nokia are in a virtual tie for providing the best quality handsets. Overall, respondents believe that durability, few technical problems, functionality, and high-quality materials are the key drivers of quality.

About the Panel

In-Stat/MDR's Technology Adoption Panel (TAP) is a dynamic online group of thousands of technology users and decision-makers interested in contributing opinions and insights about technology usage and issues in the workplace. The panel is recruited from many different sources and is comprised of a diverse group, representing a wide range of company sizes, industries, and expertise.

Potential respondents from the panel were invited, via e-mail invitations that contained a link to the survey, to participate in this research. In order to qualify for participation, respondents had to use a cellular telephone and reside in the United States. A total of 1,506 people responded to the survey, which was conducted from December 10th to December 17th, 2003. Respondents ranged in age from 18 to over 65.

What brand of cellular phone handset do you use? If you use more than one, please indicate the one you use most often

