

In-Stat/MDR

Wireless Panel Findings

Becky Diercks, Director of Custom Research & Principal Analyst, Wireless Data/Internet

June 10th, 2003

The Trend to Corporate Buying of Cellular Services and Equipment

Many mobile operators have various efforts underway — in terms of marketing and sales strategies, and creating new products/services — to grow the business cellular customer base. The number of products and services aimed at business users is continually increasing. Additionally, cellular carriers are very focused on gaining company accounts by landing corporate contracts. The latest survey of In-Stat's Wireless Panel probed respondents regarding their usage of cellular services for business purposes. Data from this research illustrates this increasing trend to using corporate contracts.

Such programs are advantageous for end-user corporations, since they truly allow companies to track usage and expenses of cellular phone services, and to negotiate more favorable prices based on a high promised user volume. These contracts are also beneficial for cellular carriers, of course, because end-user companies are much more responsible about paying bills than consumers are. This is reliable income for mobile operators and can help them reduce "bad debt" on balance sheets. It is also more profitable for them to bring in one business account with multiple users, than it is to bring in single business users, when marketing and sales costs are taken into account. As examples of products focused on businesses, Sprint PCS offers "The Clear Wireless Workplace" which includes wireless voice and data services, management tools and pricing programs specifically for businesses. AT&T Wireless offers "Business Solutions" which includes similar pieces.

While a greater number of panelists still purchase their handsets through cellular phone stores or kiosks, one-third said that their companies supplied them with their cellular phones. Additionally, more than half of respondents state that their company has selected a carrier or carriers that all employees must use, and more than one-third of respondents say that their companies receive their bills and pay for all calls. These findings illustrate the cellular companies are experiencing a great amount of success in negotiating these corporate contracts.

Cellular carriers want to increase their business subscriber bases because these users spend more on cellular services than consumers do. According to In-Stat/MDR research, on average, business users spend \$71.20 per month on cellular service versus \$45 that consumers spend per month. Business users also talk about twice as much on their cellular phones as consumers do.

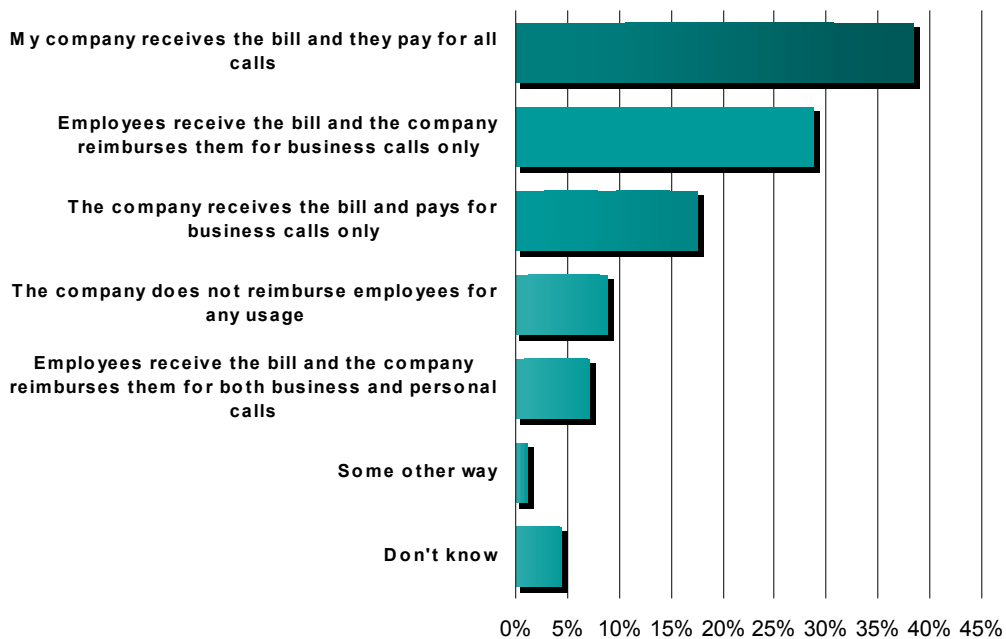
Some carriers have been more successful in developing their bases of business users than others. According to this survey, Verizon Wireless and AT&T Wireless both have very large bases of business cellular users. While T-Mobile subscribers seems to talk the most on their cellular phones, comparatively, Nextel seems to be doing the best job at extracting the most revenue from these business users. The bills of Nextel subscribers

are higher than that of subscribers to other cellular providers, at least among In-Stat/MDR's Wireless Panel.

Survey Methodology

Data for this article was collected via a brief Internet survey. Participants — members of In-Stat/MDR's Wireless Panel, a segment of our Technology Adoption Panel, —were e-mailed invitations to participate in a Web-based survey conducted from February 17th – 21st, 2003. Responses from 1,506 people are included in this research. All respondents have a cellular phone, and 650 of them have more than one cellular phone. In-Stat/MDR's Technology Adoption Panel 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.

Which of the following statements describes how business calls are paid in your organization (check all that apply)?



Source: In-Stat/MDR's Wireless Panel - 6/03

n = 1,506