

Handset Brands and Channels: Outlook Looks Bright, and More Competitors Might Shake Up the Market

Becky Diercks

Director, Custom Research & Principal Analyst, Wireless Data/Internet

The handset market has been booming for years in many parts of the world, but began to slow its growth in early 2002. The latter part of 2002 was more favorable, as handset shipments began an upward growth path again, and companies such as Nokia were waxing positive about the future. Nokia, in fact, reported positive financials for the latter half of the year, and other vendors, including Samsung, LG Electronics, Sony Ericsson and Motorola, were also beginning to perform better.

Business cellular phone users upgrade their phones, on average, once every one to two years, and at any given time, there are many potential buyers on the market. More than one in four respondents to the most recent survey of In-Stat/MDR's cellular and wireless Internet panel plan to purchase a handset in the next three months, and another 25 percent might purchase one during that timeframe.

Where previously, there were a few key handsets and manufacturers to choose from, the variety has increased, and users now evaluate many manufacturers and models when making a new purchase. Competition has increased considerably, and will continue to do so in the future, particularly from Asian manufacturers.

Today, Nokia and Motorola handsets are used more than any other vendor's handsets in the US. And Nokia is perceived as having the highest name recognition, being the most successful handset manufacturer, offering the widest variety of products, from basic to advanced, and offering the most robust handsets.

Unfortunately, purchasing a mobile phone today has less to do with brand than with the features that come on it — at least if you are a business user. Thirty-seven percent of panelists say that they purchased their phone primarily because of the features that were on it — more than any other response by a factor greater than two. Brand was the least important facet of all those listed, which means that there is opportunity for handset manufacturers with no — or limited — name recognition to be successful in the market, as long as they provide the features that users desire.

Long battery life/talk time is the most important feature to business users when selecting a handset. Simplicity is also important to them, along with being lightweight and small in size. Aside from the basic phone features, users want many advanced capabilities on their phones, as well. Speakerphone capability, for example, is critical. And users are willing to pay more to get the features that they want.

Most panelists acquired their phones in cellular phone stores or kiosks, but more often than in the past, companies supply handsets to their workers. It will be important for handset manufacturers to try to get their handsets included as some of the phones that are offered to corporate accounts. Providing businesses with the features they need on their handsets is one way of helping this to happen.

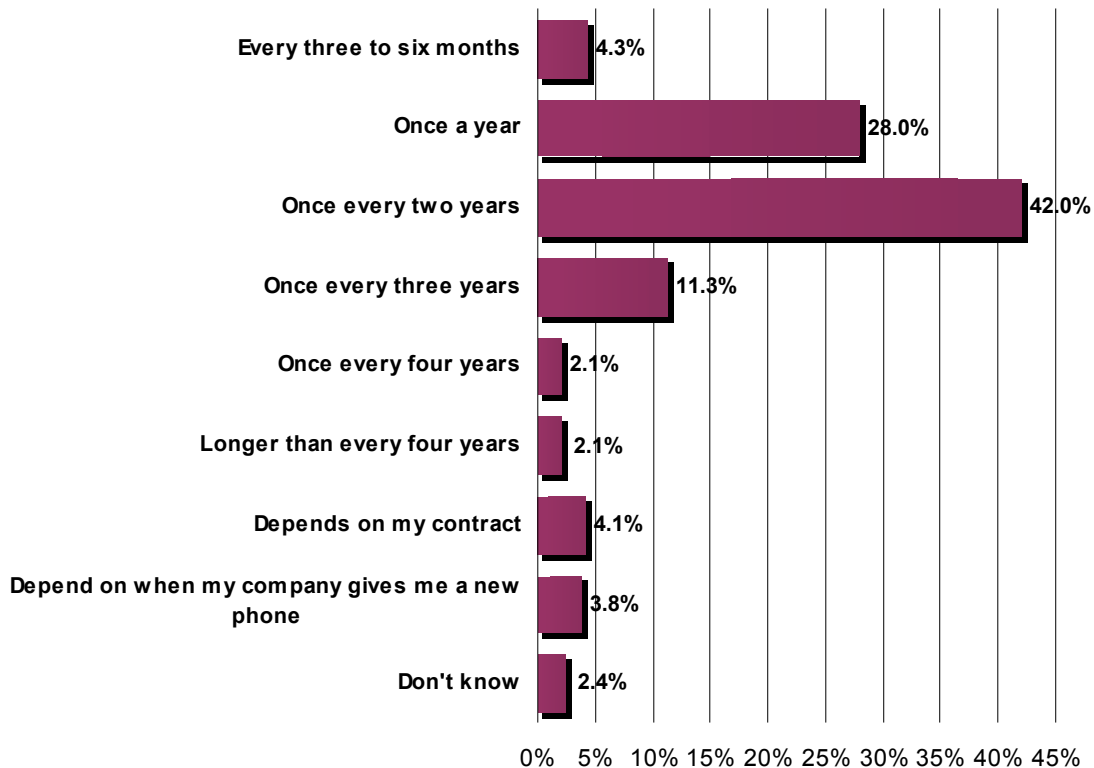
Methodology for Collecting WIP Data

Data for this report was collected via a brief Internet survey. Participants — members of In-Stat/MDR's Technology Adoption Panel — were e-mailed an invitation to participate in a Web-based survey conducted from October 21st - 25th, 2002. A total of 533 panelists responded to the survey, including 251 respondents who use mobile devices to wirelessly access the Internet.

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. 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.

The Wireless Internet Panel (WIP) is a sub-segment of the Technology Adoption Panel. Members of the WIP were selected because they currently access the Internet using a wireless telephone or other wireless device. If you are interested in joining the Technology Adoption Panel and/or learning more about it, please go to <http://www.instat.com/panels>.

How often do you usually upgrade your phone?



n=533

Source: In-Stat/MDR's Wireless Internet Panel, 10/02