



# Understanding Today's Mobile Device Shopper

Google/Compete, U.S.  
Mar 2011

# Methodology

- This study was based on understanding the attitudes of online users who identified themselves as wireless purchasers and analyzing behavioral clickstream activity of those observed adding a wireless product to their shopping cart
- Observed online search and research activity using Compete's 2MM US opt-in panelists from October 2009 through October 2010, including carrier, OEM, 3<sup>rd</sup> party reseller, 3<sup>rd</sup> party research, and social networking sites
- Includes both paid and natural Search

We **observed** consumers online shopping activity to understand shopping and searching patterns.



We analyzed those who **added the product to cart**, tracing their behavior backward from the point of purchase.



**Surveyed** searchers to understand their purchase behavior.



# Executive summary

Wireless market is dramatically changing

New phone launches every week are shortening product lifecycles

New devices and features (e.g. tablets, NFC) create more choices for consumers

New technology (e.g., 4G) is causing confusion in the marketplace

Despite market shifts, many shopping behaviors remain the same as buyers:

Make their purchase decision quickly

Consider few phones before purchasing

Remain open to switching carriers & OEMs

Rely on online, and search engines in particular

Consider carrier and OEM websites as key research sources

With the changing landscape, shoppers consider new device options and use different resources

Mobile search, video usage and social networks are all increasingly important to the wireless shopper

iPhone shoppers consider Android

Postpaid buyers consider prepaid

# Wireless market sees unprecedented change

## Prices are going up

Average selling price increased 29% Y/Y among postpaid phones

## Consumers want the latest & greatest

Over 40% of recent wireless buyers purchased a smartphone

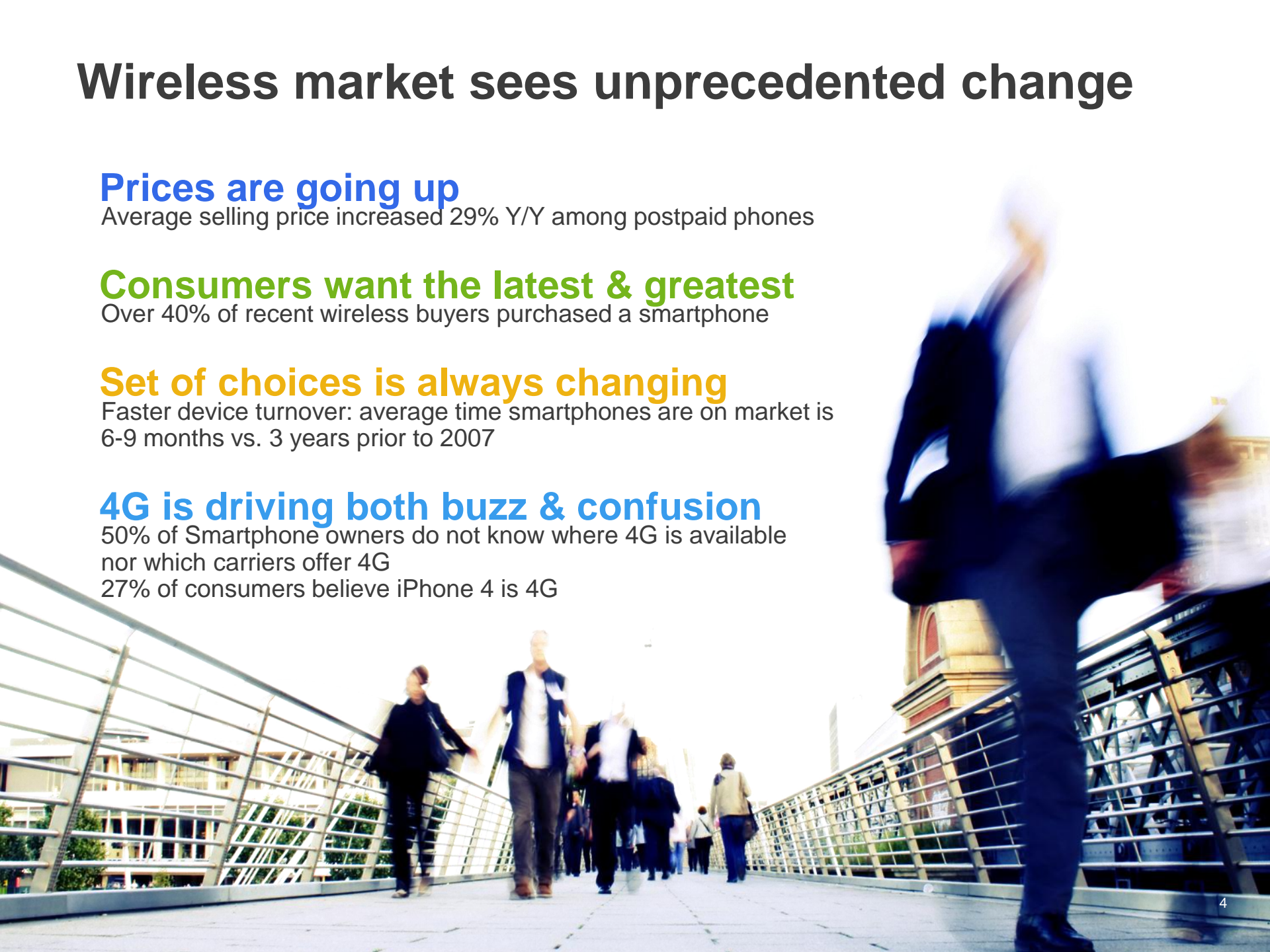
## Set of choices is always changing

Faster device turnover: average time smartphones are on market is 6-9 months vs. 3 years prior to 2007

## 4G is driving both buzz & confusion

50% of Smartphone owners do not know where 4G is available nor which carriers offer 4G

27% of consumers believe iPhone 4 is 4G



# Competitive overview



## Recent launches drive buzz and new choices for consumers

Major announcements since Feb. 1

Verizon iPhone | AT&T Motorola Atrix | Verizon Xoom | iPad 2

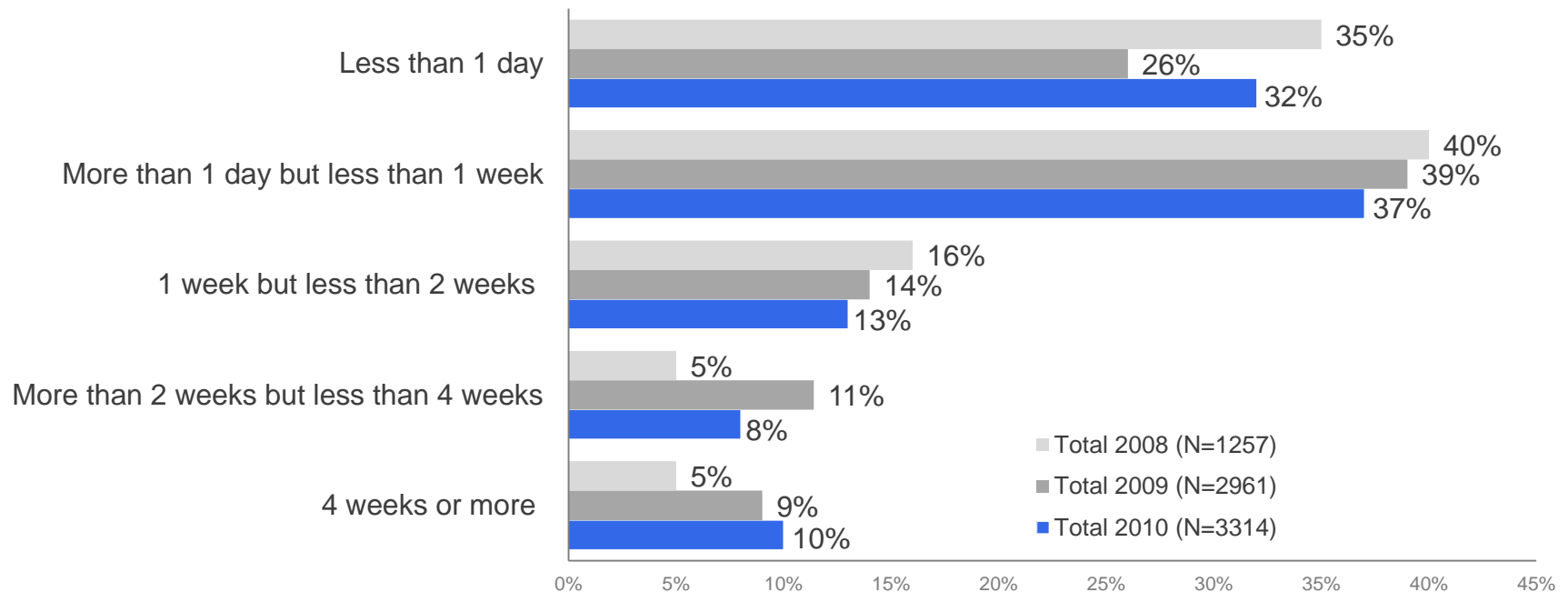


**What** remains the same in  
consumer shopping behavior despite the  
market shifts?

# Buyers make decisions quickly

69% of buyers take less than a week to purchase, similar to 65% in 2009

## Time Spent Researching Phone Purchase

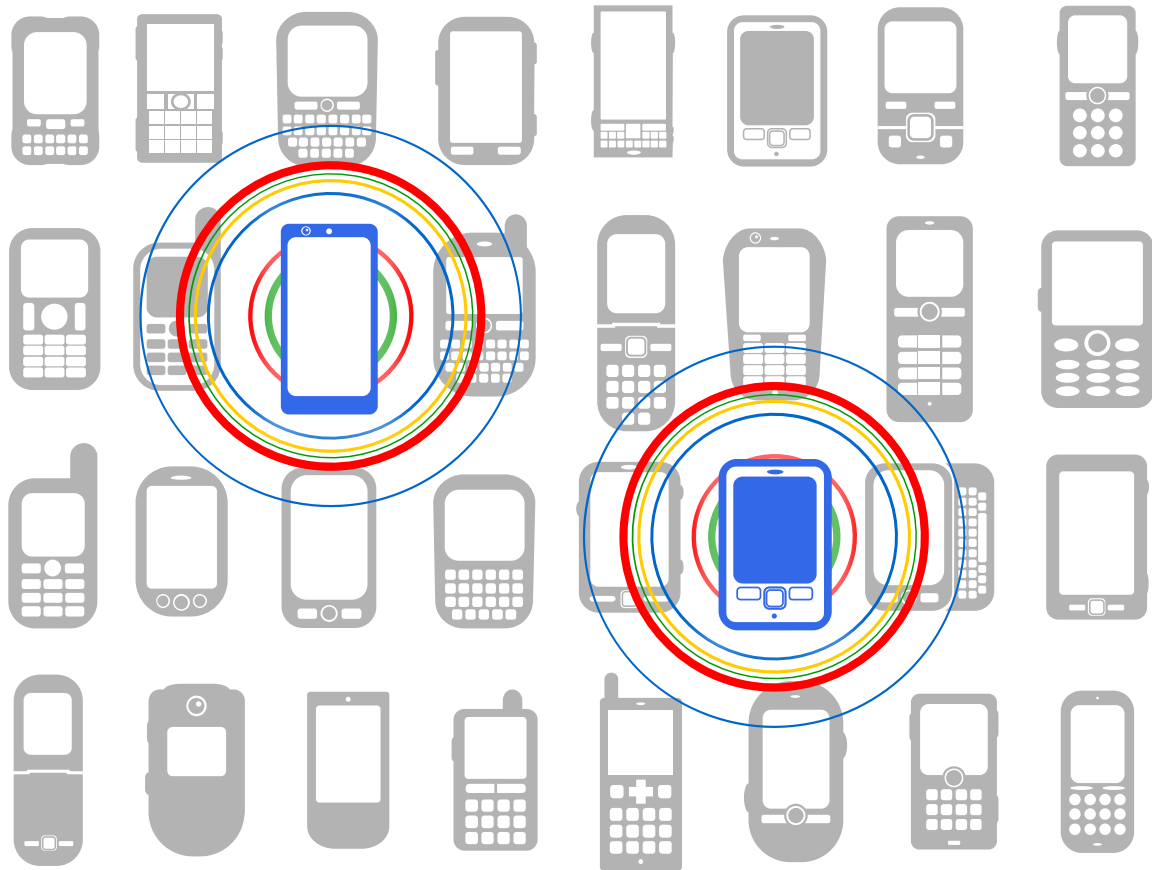


Source: Google/Compete Wireless Shopper Study, February 2011

Q. How much time did you spend researching your most recent cell phone purchase? Please select one answer only.



# Despite the increase in choice, consumers still consider 1–2 devices



63% in 2009

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67% in 2010

Source: Google/Competition Wireless Shopper Study, February 2011

Q. How many phone models did you consider when shopping for your recent cell phone purchase? Please select one answer only.



# Shoppers remain open to switching

Service Provider

43%

did not know exactly which carrier  
they would purchase from ▲

vs. 42% in 2009



Device

79%

did not know exactly which OEM  
they would purchase ▲

vs. 78% in 2009

Switchers have a wide consideration set,  
77% considered more than 1 provider

Source: Google/Compete Wireless Shopper Study, February 2011

q. When you first considered your most recent cell phone purchase, which statement best describes your mindset about the wireless service provider?

Please select one answer only.

Q. When you first considered your most recent cell phone purchase, which statement best describes your mindset about the brand of cell phone? Please select one answer only.

Q. How many wireless service providers did you consider when shopping for your recent cell phone purchase? Please select one answer only.

# Shoppers continue to rely on online

63%

of people who bought  
phones in stores researched  
their purchase online

70%

of total respondents use at least  
one online source to research  
their wireless purchase



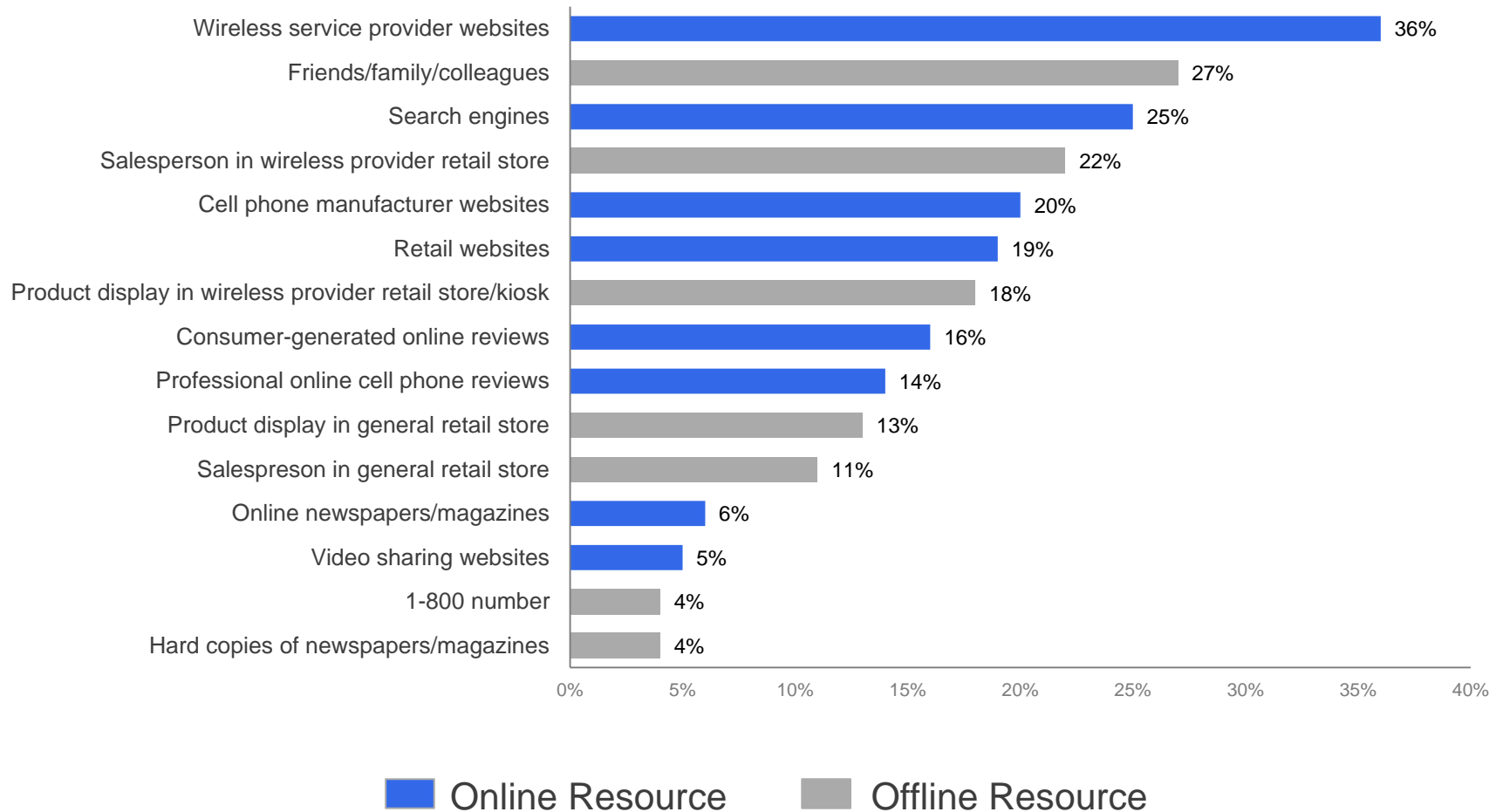
Source: Google/Compete Wireless Shopper Study, February 2011

Q. Which of the following sources did you use to research your recent cell phone purchase? Please select all that apply.

Q. Where did you purchase your most recent cell phone? Please select one answer only.

# Vast majority of resources used are still online

Resources Used During Purchase Process



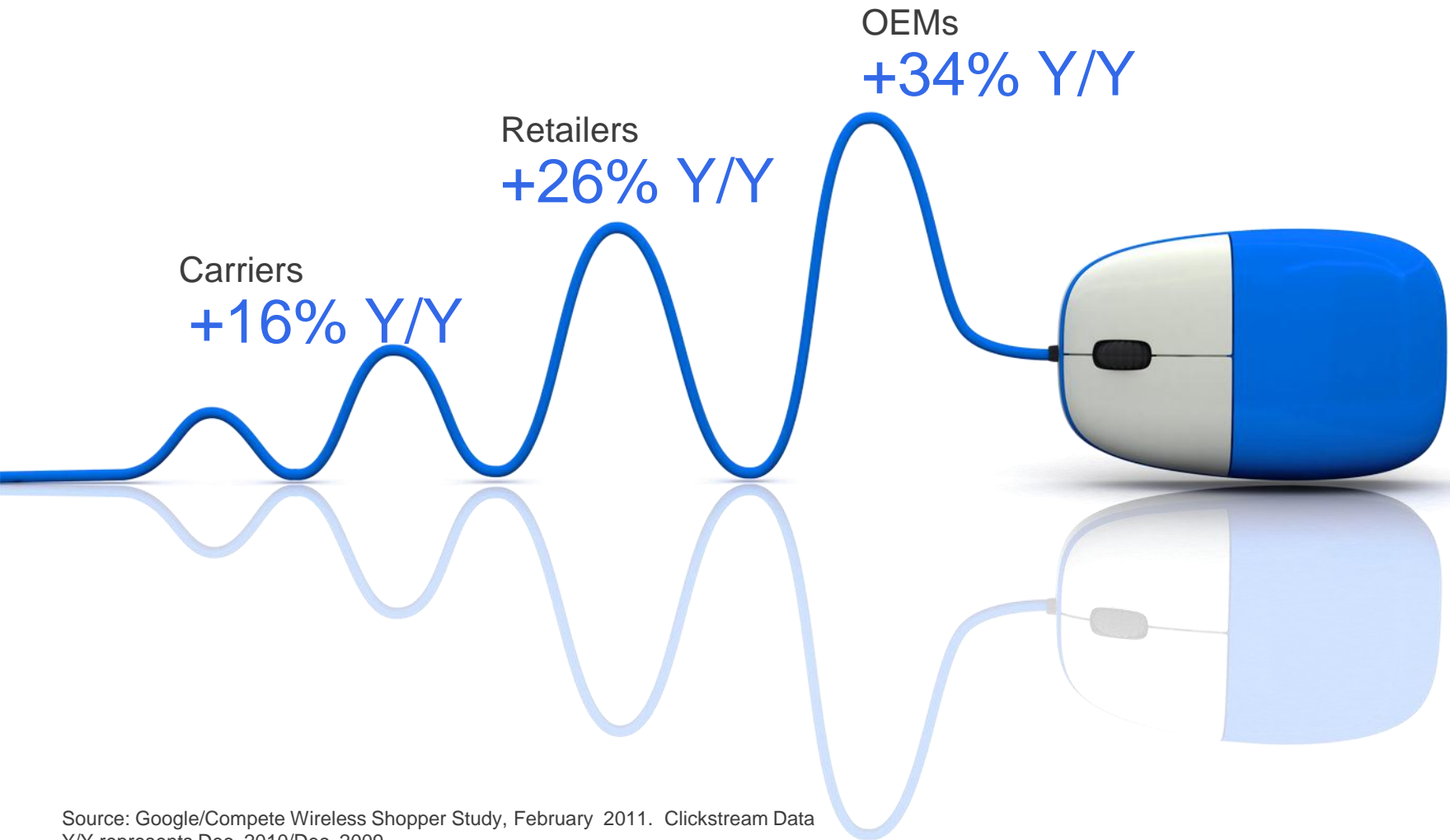
Source: Google/Competition Wireless Shopper Study, February 2011

Q: Which of the following sources did you use to research your recent cell phone purchase?

Please select all that apply.

# Shoppers increasingly use search to find carrier, retailer and OEM sites

Research Sources Used (Search-referred visits)



# Search is particularly important across key target audiences

New Smartphone Buyers are **30%** more likely to use search engines vs. repeat buyers



Switchers are **29%** more likely to use search engines vs. loyalists

# Consumers who search are more likely to buy



- 1 Be top of mind
- 2 Maximize online presence
- 3 Leverage Search to reach valuable consumers





**How** are consumers shopping  
differently?

# Wireless purchasers conduct fewer desktop searches



Source: Source: Google/Compete Wireless Shopper Clickstream Study, February 2011

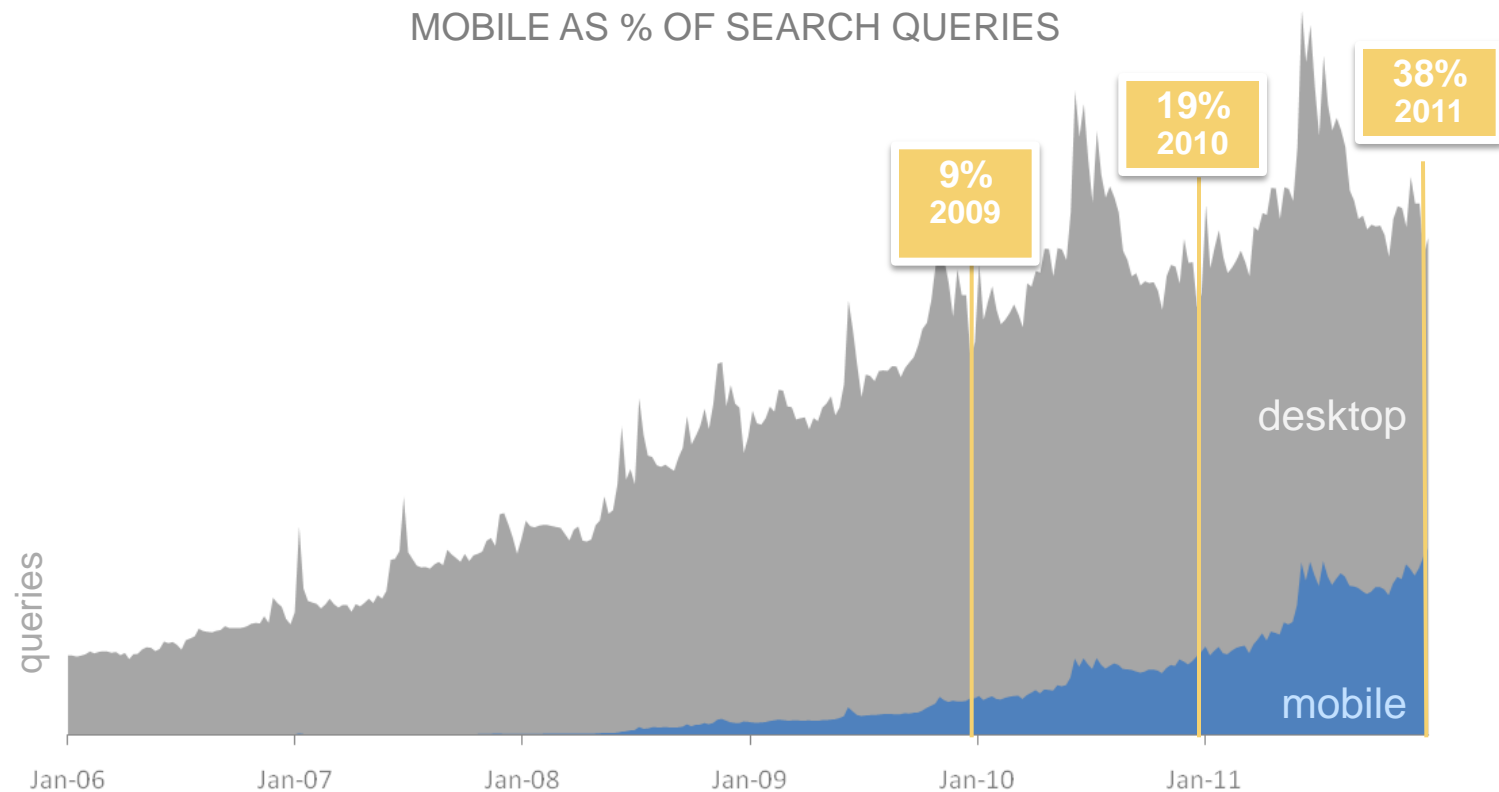
Notes: 2009 represents April-June '09 / note iphone launch in June

2010 represents July-Oct '10 / note iphone launch in July

Base audience is all mobile phone buyers

# Shoppers increasingly search on mobile devices

Project estimated 38% of wireless-related searches will come from Mobile devices by end of 2011



Source: Google internal data, based on keyword list of 1,000+ top wireless terms  
Trend across both HED and WAP phones

# Shoppers turn to online videos during the purchase process

25% of smartphone buyers viewed a video of a product demo

23% of online buyers viewed a video of a product demo (28% increase Y/Y)

3x increase in purchase intent after video view vs. flash banner

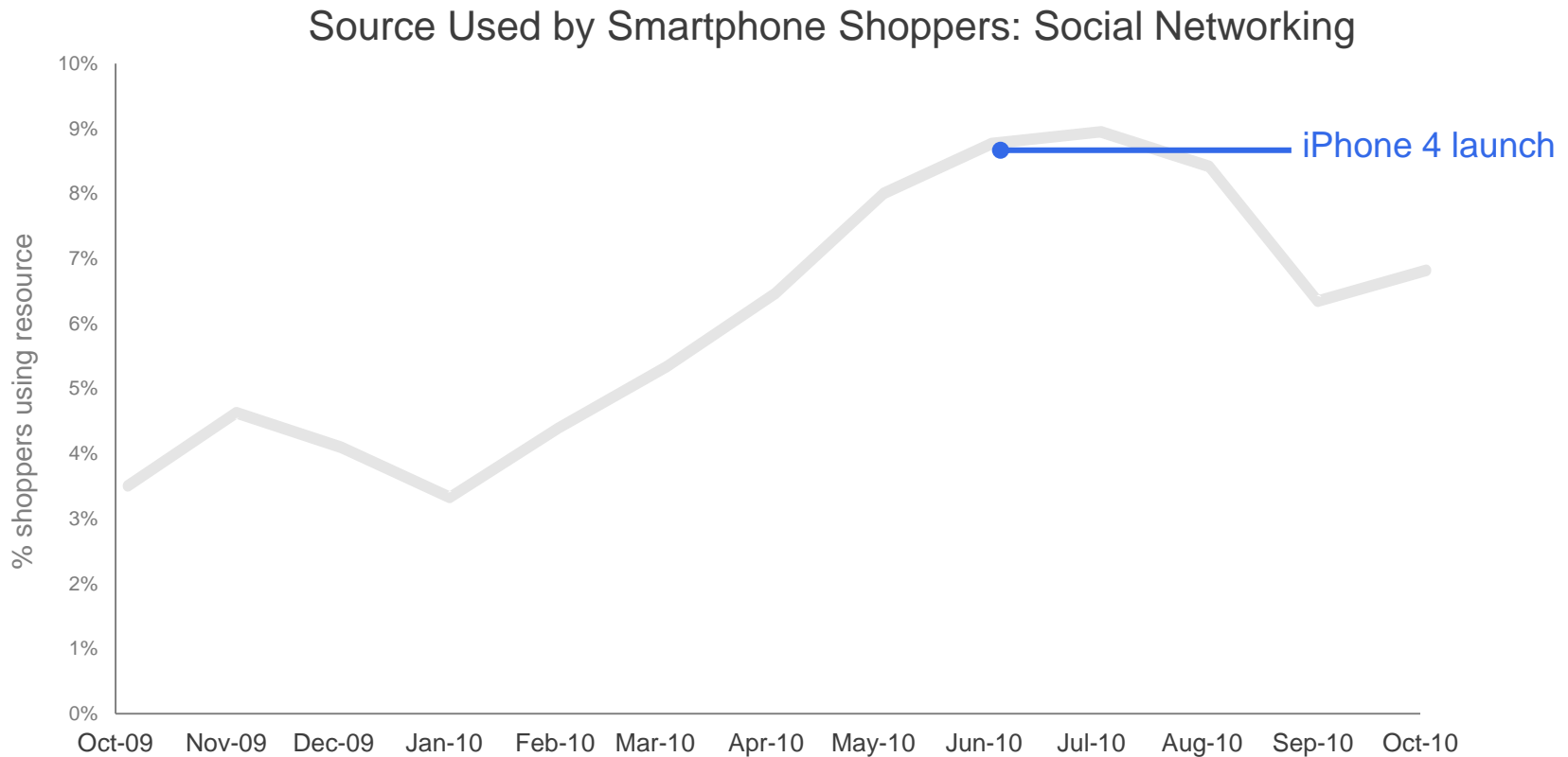
ger to another character is to save clicks and time -- but having to click back out defeats the purpose. The intention is good, but the way Apple has it working on the iPhone is a much better, smoother method. Another gripe we have about the keyboard is that Google seems to have shrunk the height of the keys, making the keyboard on the Nexus S's 4-inch display feel cramped. We're not sure of this, but it definitely seems like the company has reduced the keys in size.



a slightly brighter note, there are big improvements in word suggestion and selection, including new markers which you can use to grab selections of text. Well, let's be clear -- Google still has major issues with text selection and editing on Android devices. The first striking problem is that there is not a consistent method of selecting text on the device. None. At all. In the browser, you long press on text to bring up your anchors, then drag and tap the center of your selection -- boom, copied text. In text

Source: Google/Compete Wireless Shopper Study, February 2011  
Q. Which of the following activities, if any, did you conduct online during your most recent cell phone purchase process? Please select all that apply  
Study on online video viewership by Frank D. Magid Associates, eMarketer 2010

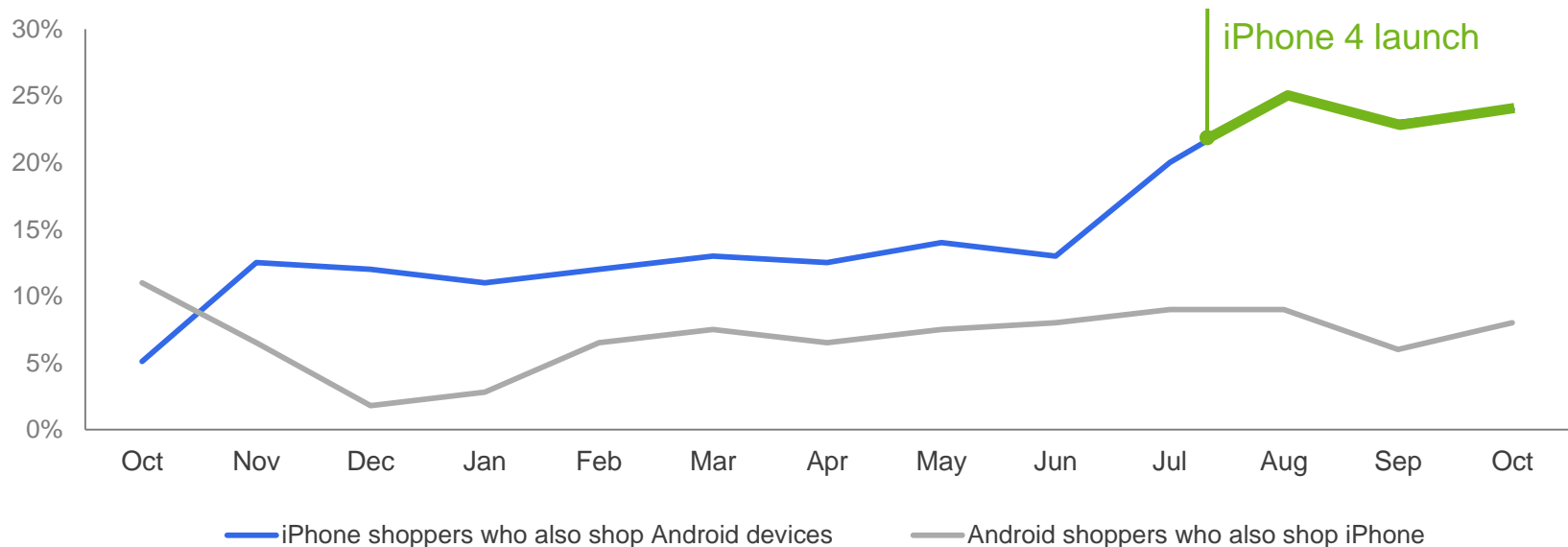
# Smartphone shoppers turn to social sites, particularly during major device launches



# iPhone shoppers consider Android phones +300% Y/Y...

...the inverse, Android Shoppers considering iPhones, has remained relatively flat

Category Cross-Shop among iPhone and Android  
(% of Device Shoppers who also Research Another Device, Oct '09 – Oct '10)



# Postpaid users consider Prepaid option...

**2010**

**50%**

of prepaid subscribers  
were new to prepaid

**2011**

**1 in 5**

postpaid subscribers plan  
to switch to prepaid

**By 2015**

**25%**

of wireless customers will  
be prepaid



...particularly among first time smartphone buyers

37%

of first time smartphone buyers considered prepaid vs. 19% of repeat smartphone buyers



# Qualified shoppers spend time on the Google Display Network

Those who use search & spend time on the GDN have the highest conversion rate, converting at a rate

**64% higher**

than those who only use search

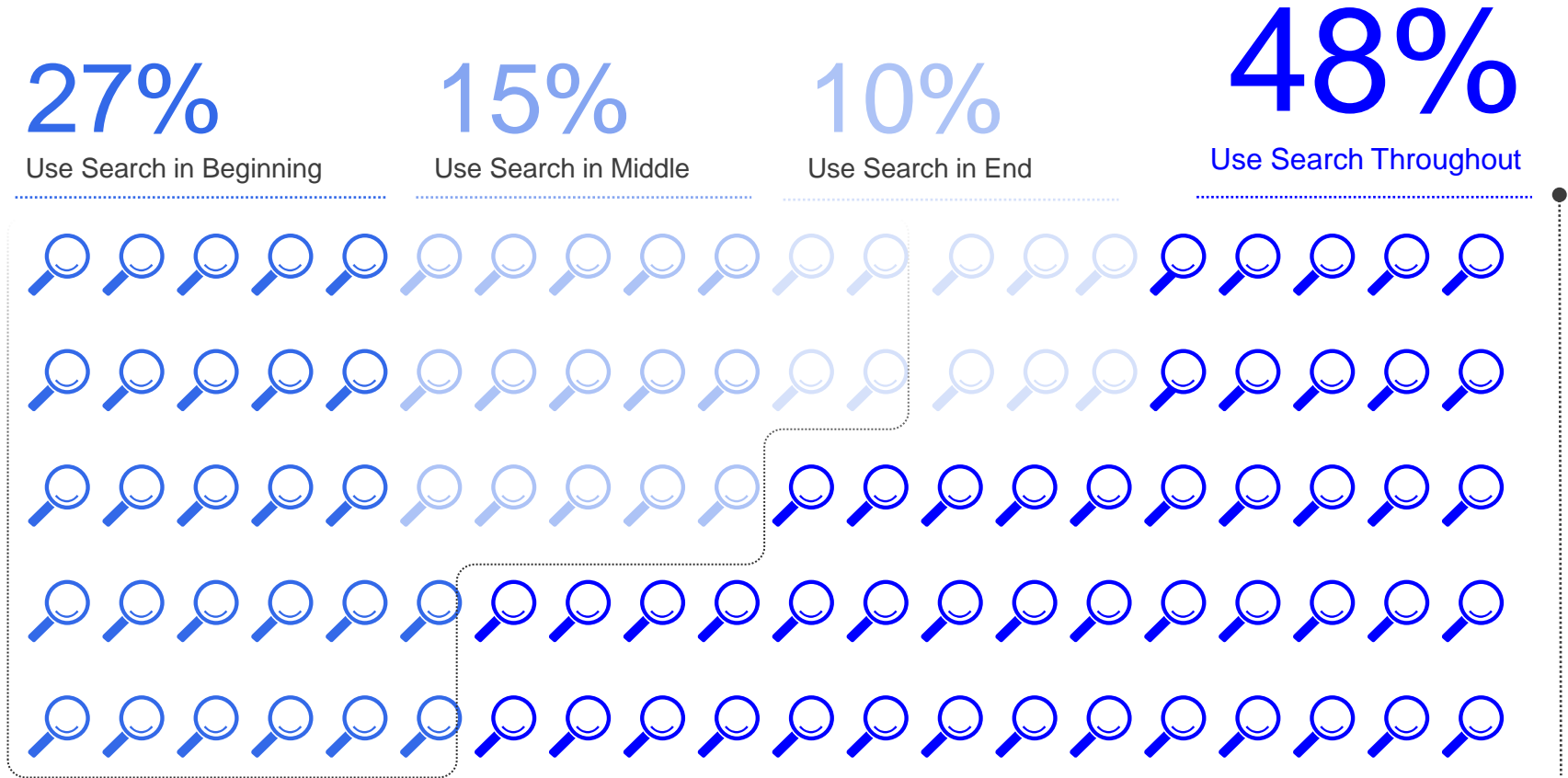


- 1 Reach shoppers through new digital touchpoints
- 2 Leverage opportunity to win cross-shoppers
- 3 Acknowledge consumers willingness to consider all options



# How do consumers use search in the purchase process?

# Shoppers use search throughout the purchase



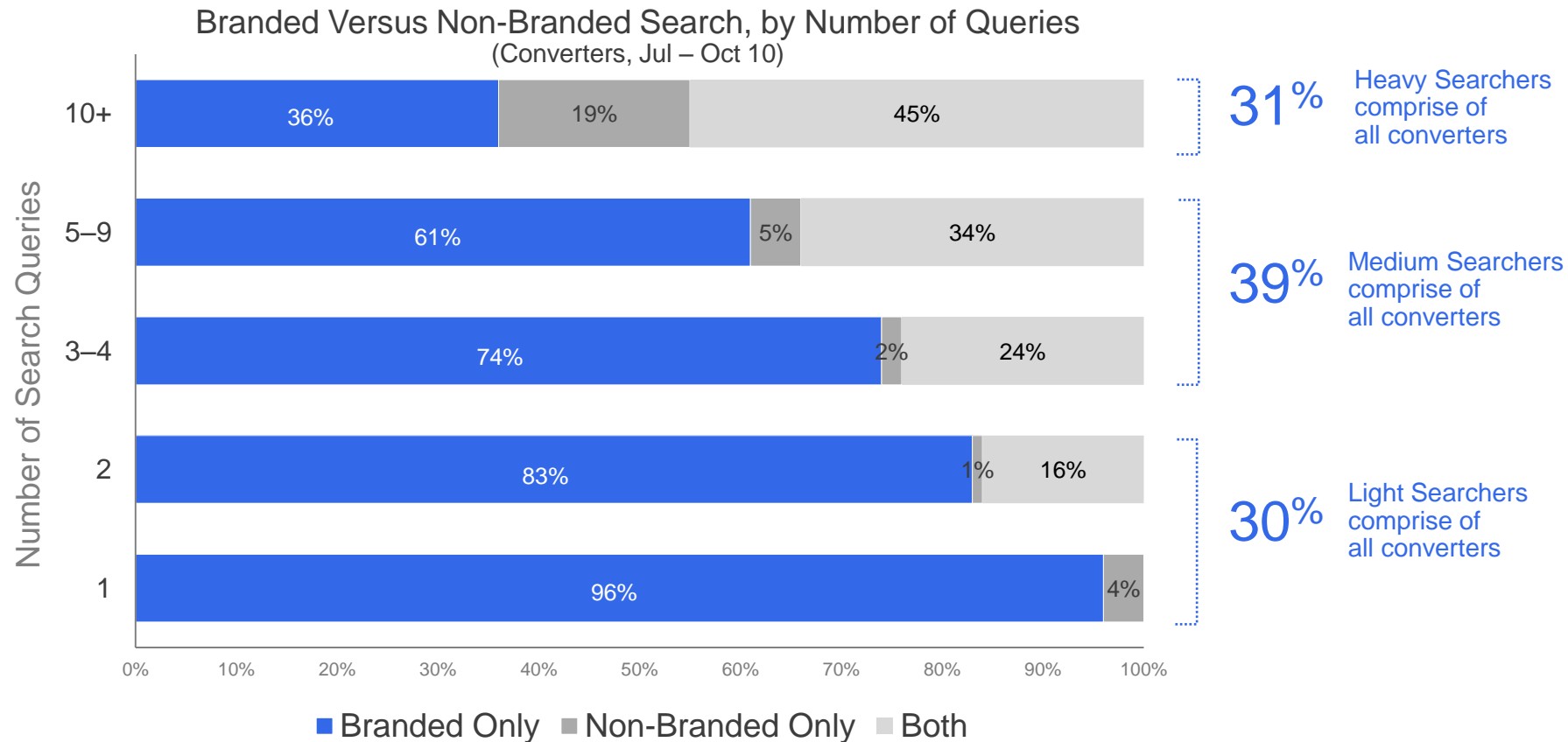
Source: Google/Compete Wireless Shopper Study, February 2011

Q. When did you use these sources during your research process to get information about the cell phone you purchased?

Please select the one response that best applies to each source. Search engines (e.g. Google, Yahoo!, MSN, etc.)

Base: Those who said they use Search Engines

# Heavy Searchers use both brand & non-brand



# Non-brand terms drive in store traffic



Non-Branded terms  
drove

**20%**

of search-driven  
visits to store locator  
pages



# Non-brand terms drive sales

35% of buyers search on non-brand terms

Top 10 **Non-Branded**  
terms that drove to  
shopping cart

Free ringtones

Cell phones

Cell phone plans

Free cell phones

Prepaid cell phones

Cell phone companies

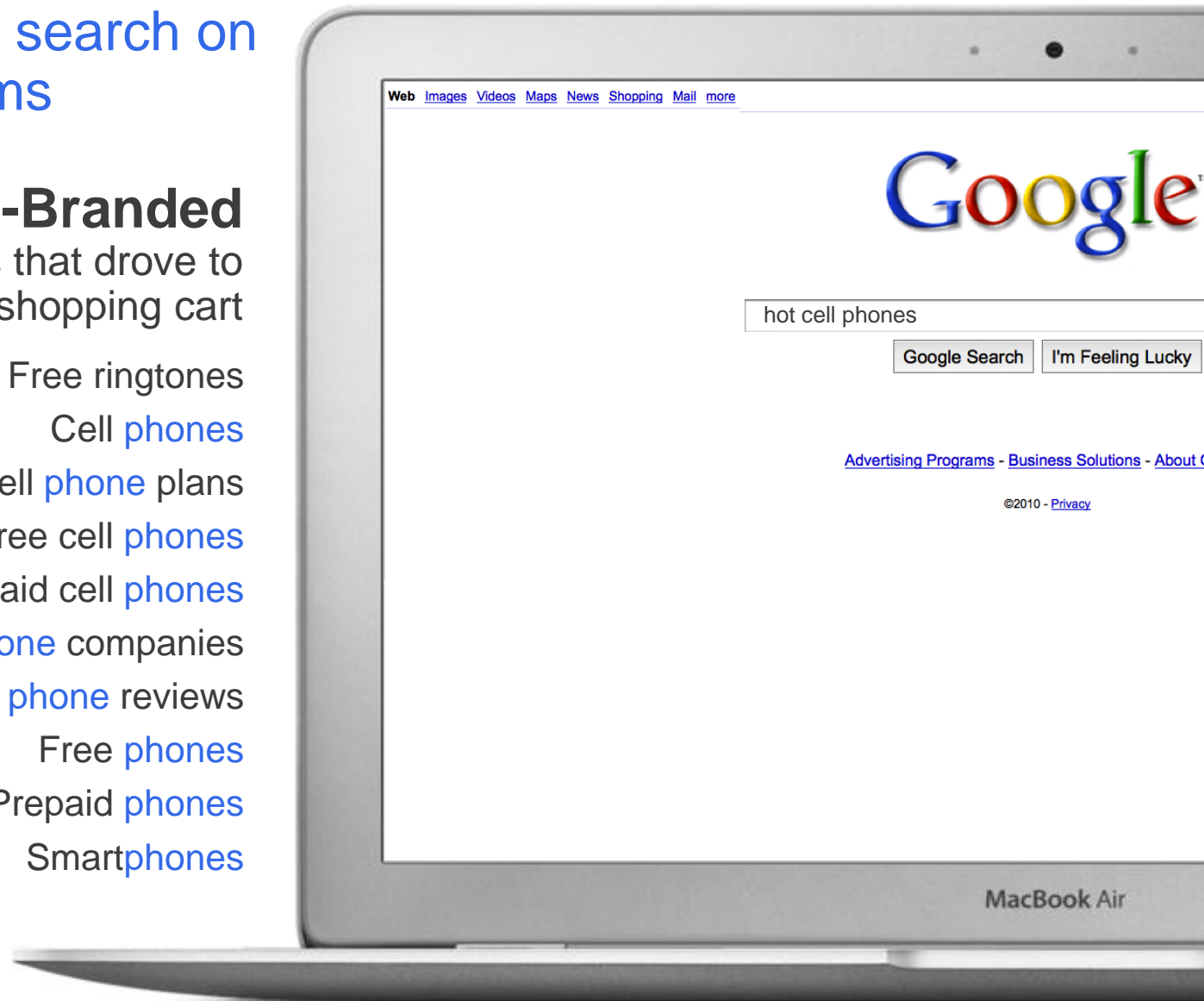
Cell phone reviews

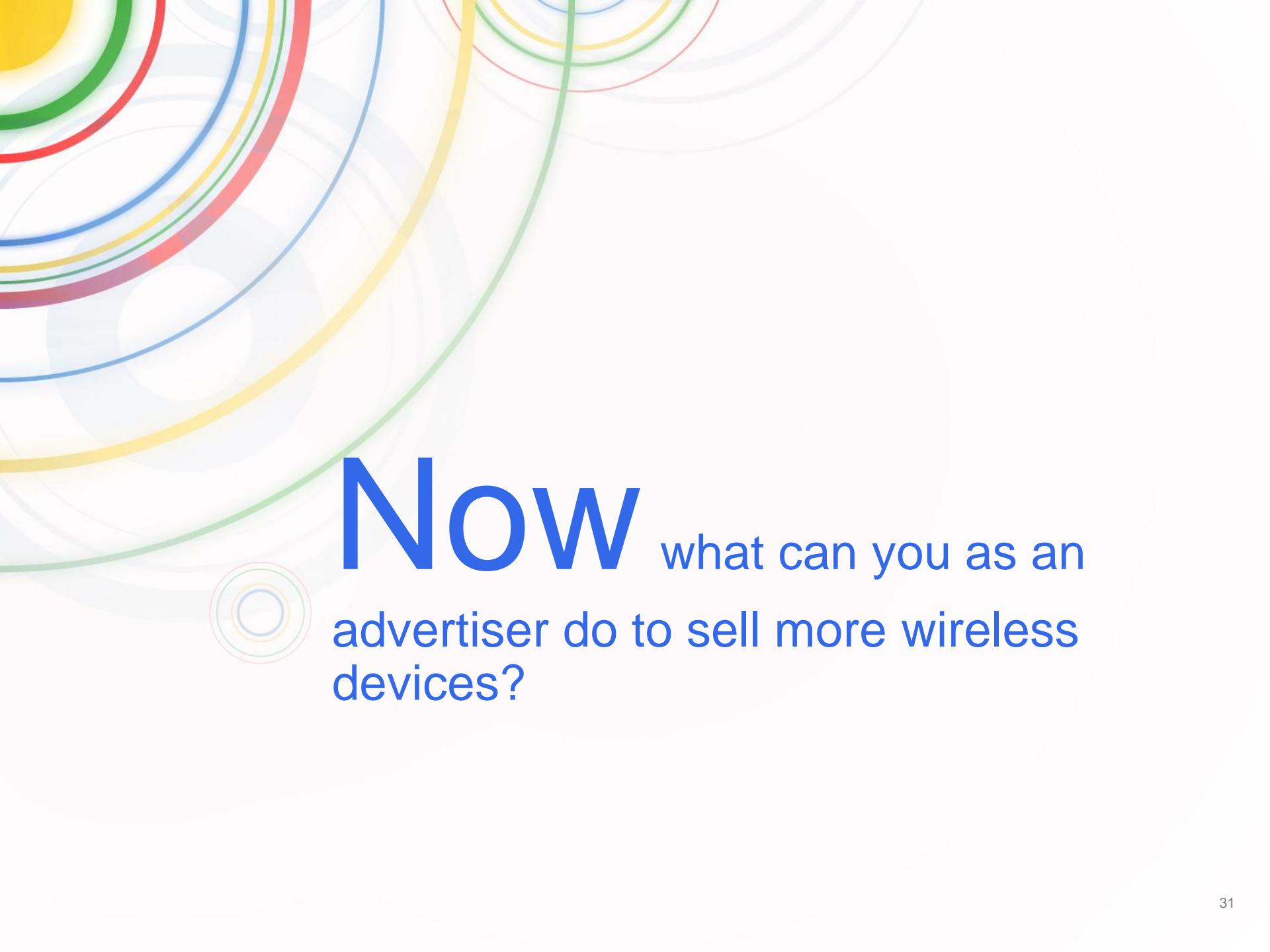
Free phones

Prepaid phones

Smartphones

Source: Google/Compete Wireless  
Shopper Study, February 2011.  
Clickstream Data  
Terms listed in order of volume.





**Now** what can you as an  
advertiser do to sell more wireless  
devices?

# Follow wireless shoppers throughout the buying process

**1 Maximize desktop search:**  
Consumers rely on search throughout the purchase process

**3 Educate with YouTube:**  
Consumers are getting more information via video

**4 Be on Social networks:**  
Friends are as important

**2 Invest in mobile search:**  
Consumers increasingly search on the go

