

A monthly view of the wireless consumer marketplace

By Adam Guy and Cynthia Stephens

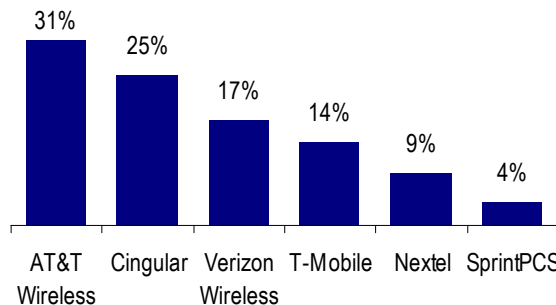
One of the unsung assets that Cingular is acquiring with AT&T Wireless is leadership in developing the online channel as a vehicle for customer acquisition and retention.

CINGULAR AND AT&T WIRELESS HAVE ALREADY RAISED THE BAR – ONLINE

Cingular completed its acquisition of AT&T Wireless on October 26 – creating the nation’s largest service provider with nearly 50 million customers. Now the *really* hard work begins. Cingular has announced intentions to offer a common service experience around distribution and customer service by the end of November. While the two carriers have maintained separate operations throughout 2004, Compete has observed an interesting alignment of their approaches to online distribution.

Historically, AT&T Wireless has outspent and outperformed the other major carriers in attracting and converting wireless consumers online. In the third quarter of this year, AT&T Wireless garnered 31% of all direct online sales of handsets with service plans attached to them (“hot phones”) at major service provider sites, more than any other carrier. In recent months, Cingular has adopted a similar approach, using online exclusive offers and a streamlined website to drive e-sales. According to Compete data, about 4% of Cingular’s third quarter gross adds were online, nearly twice the big-6 carrier average.

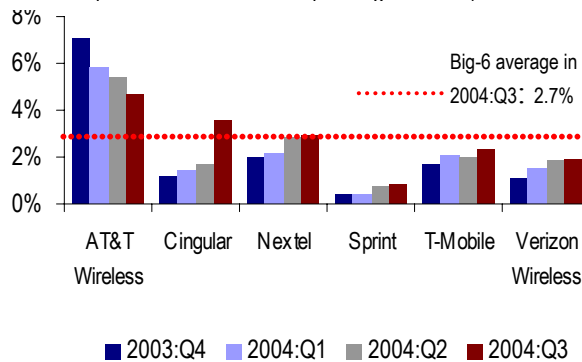
ONLINE HOT PHONE SALES MARKET SHARE
(Percent of Big-6 direct online hot phone sales, Q3 2004)



The Internet offers marketers the clearest view into the purchase intentions of more than 20 million wireless consumers each month. The providers they evaluate, and products they research, are indicative of future buying and switching decisions. Compete’s wireless services analyze millions of wireless consumers as they research products or manage accounts online. These services provide clients with strategic guidance to make more informed tactical decisions.

Compete expects the new Cingular to further stimulate the industry’s focus on the Internet as a viable distribution channel. Direct online sales volume has grown 59% since the beginning of 2004 across the wireless industry. AT&T Wireless and Cingular combined makeup more than 50% online hot phone sales of among the major service providers. Direct online hot phone sales represent 2.7% of major providers’ gross adds and indirect players such as InPhonic, LetsTalk and A1Wireless contribute another 1.5%.

ONLINE SALES SHARE OF GROSS ADDS
(Online hot phone sales as a % of reported gross adds)



Comments on this issue? E-mail wirelesspractice@compete.com.

Gross adds cost significantly less to acquire online than through other channels, but providers need to be wary of relying exclusively on ‘deals’ to lure consumers online as deals have the potential to attract lower quality, less loyal consumers. On the other hand, driving consumers online, stimulates adoption of self-care and sales of upgrades, additional lines and value added services, which are critical to growth in a mature market. Cingular and AT&T Wireless have raised the bar online. Now can they do it together?

REVOLUTIONIZING THE WAY THE WIRELESS INDUSTRY LEVERAGES THE INTERNET

Compete recently debuted a new look to its wireless web site (www.compete.com/wireless), making it easier for visitors to sign-up for Wireless Vantage and research services for wireless businesses. We remain committed to pioneering new sources of wireless consumer insight and helping companies leverage the Internet as the most powerful consumer listening device, sales channel and marketing/customer service platform.

To subscribe to Wireless Vantage go to www.compete.com/wireless.

To unsubscribe e-mail wirelesspractice@compete.com.