WIRELESS VANTAGE™

A view of the wireless consumer marketplace

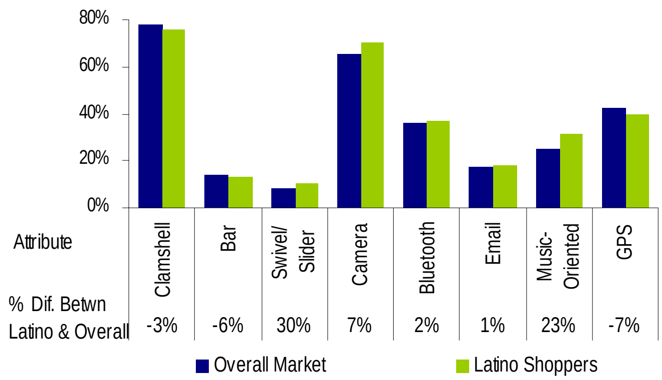
By Ryan Burke & Miro Kazakoff

LATINO SHOPPERS PREFER SLIDER, CAMERA AND MUSIC ENABLED HANDSETS

U.S.-based Latino shoppers prefer newer form factors and camera phones, especially phones marketed as mobile music devices, according to new research from Compete, Inc.

Though clamshell handsets dominate the market, Latinos were 30% more likely to consider a Swivel or Slider type form factor for their handset. Nevertheless, clamshell designs still captured nearly 80% of shoppers' research activity with Latino shoppers only 3% less likely to consider them than shoppers overall.

Share of Handset Research Activity By Attributes & Features
(Major Carriers, Oct 2005 - Feb 2006)



Explicitly music-oriented phones drew notably higher interest from Latino shoppers. These phones, which OEMs and carriers market for downloading, storing and playing music, drew 23% more interest from Latino shoppers than from wireless shoppers overall.

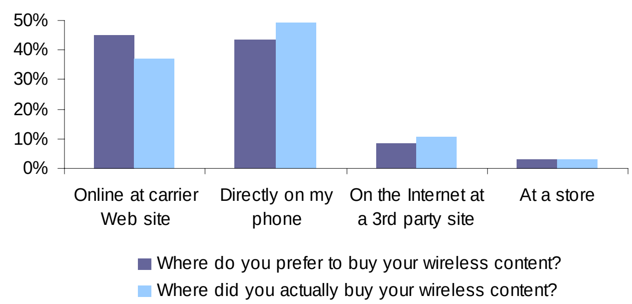
With over 4M shoppers a month researching handsets online and Latinos comprising almost 10% of the online population, measuring online activity allows service providers and OEMs to better understand and react to the needs of the specific segments that increasingly drive industry growth.

MOBILE CONTENT BUYERS PREFER THE ONLINE CHANNEL, SO THEY SAY

More than 45% of a group of tier-1 wireless carrier content purchasers said they would rather purchase their mobile content online than on their handset. The Internet's increased selection and the ease of sampling make it an attractive channel.

However, while consumers *say* they would prefer to buy online, over 50% made their recent content purchase directly on their phone.

Survey of Big 5 Content Purchasers
Where would shoppers prefer to buy content
vs. where they actually buy content (April 2006, N=1,630)



The opportunity to better align with expressed consumer preference to purchase online may already exist, just not yet at the carrier websites. From October to January 2006, Compete observed off-portal sites (Jamster, etc.) received 2.5 times more online interest than the content portions of the carrier sites. Over 40% of the people who ended up purchasing off-portal cited content selection as the primary reason they did not buy through their carrier. Another 33% said the off-portal sites offered a better price. For those who did purchase from their carrier, the majority said they feel more secure purchasing from their carrier website.

For now, the attraction of the off-portal sites to the consumers may be selection and price, but their attractiveness to the carriers lies in their ability to drive ARPU. Across the board, consumers who buy content off-portal buy more games, ringtones, graphics, and ringback tones than at their carrier counterparts. Since some off-portal sites aggressively position subscriptions that include multiple pieces of content, they naturally drive more "sales". Nonetheless, with pay as you go still the consumer-preferred content sales model for mobile content, there is a significant opportunity for the carriers to deliver a more robust content purchase experience by marketing selection and price—online, and on-portal.

Latino shoppers are 23% more likely to consider an explicitly music-oriented phone than shoppers overall.

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