

WIRELESS VANTAGE™

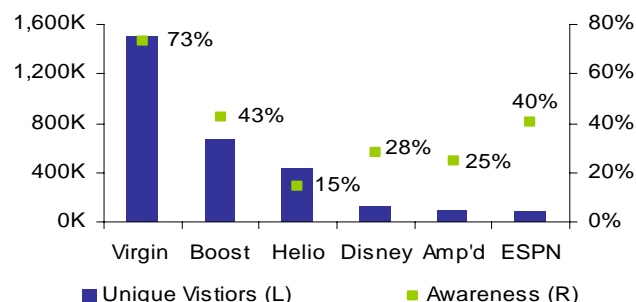
A view of the wireless consumer marketplace

By David Kalil and Taariq Lewis

VIRGIN AND HELIO MOST EFFECTIVELY USE THE INTERNET TO CAPTURE SHOPPERS

In relation to their peers, Virgin Mobile and Helio are most effectively utilizing the web to drive brand awareness and sales, according to new research from Compete, Inc. The research also found that most of the niche MVNOs, including Mobile ESPN and Disney, have not yet translated awareness in the marketplace into online shoppers.

Online Research Vs. Overall Awareness
Unique visitors (June 2006) vs. Reported awareness (June Survey)



With over 70% of consumers reporting they will do some form

of online research as part of their wireless purchase decision, web traffic represents an important indicator of the health of players pursuing the largely unproven MVNO model.

Compete found the number of online researchers for Disney, Amp'd and Mobile ESPN is disproportionately lower than their overall brand awareness. Among consumers who were observed shopping for wireless services, over 40% said they were aware of Mobile ESPN yet its site had fewer unique visitors than any of its competitors. Helio, on the other hand, has done an excellent job driving shoppers to consider their brand online. Despite having less than half the awareness of Mobile ESPN, Helio has more than five times the unique visitors.

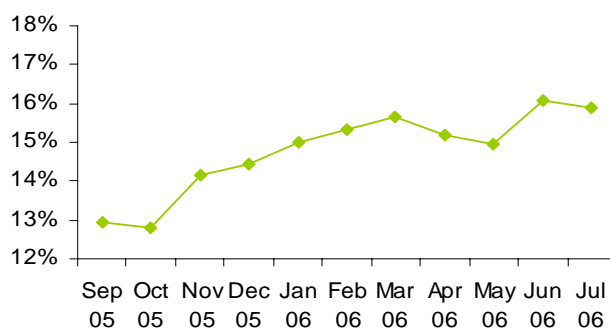
As the lowest cost channel to add subscribers and the most effective way to target specific audiences, the Internet is a crucial marketing and sales channel for MVNOs. Gaps between awareness and traffic signal an opportunity for marketers to better balance their spending across all the media outlets that influence shoppers to consider wireless products.

CONSUMER INTEREST IN WIRELESS CONTENT LEVELS OFF DESPITE SALES GROWTH

Research interest in wireless content at major carriers' websites has begun to level off among consumers even as companies report increasing revenues from wireless content sales.

Overall, content interest grew steadily from September 2005 through March 2006 at a compound monthly rate of 3.3%. Since then Compete found that interest growth has slowed, rising only an average of 0.4% month. Nevertheless, 16% of customers researched a content purchase on their carrier's website in July 2006, up 23% from September 2005.

Major Carrier Content Purchase Interest
Share of Customers Researching Content at Major Carrier Sites



In order to continue growing content sales, wireless carriers will have to determine how to convert demand for wireless content at third party sites into a carrier revenue opportunity and increase conversion among customers already expressing interest in content, but not buying. Content providers and content publishers have a slightly different challenge. They must determine whether third-party and direct-to-consumer sites can pick up sustained, incremental content interest or if overall consumer interest has flattened. If so they will need to even more vigorously target customers who have only considered purchasing content from their carrier.

Consumer interest in wireless content has already begun to level off even as carriers report increasing content sales

Compete's wireless intelligence and targeting services analyze consumer behaviors and competitive best practices to help wireless companies maximize their returns on marketing, product development, and procurement.

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wirelesspractice@compete.com

