

*U.S. Consumer Attitudes & Behaviors to Wireless Data Services
Context, Usability & Pricing*

Pilot Focus Group Findings



By Henk Hoets

Hendriks Research

EXPLORE... DISCOVER... GAIN INSIGHTS... CHART DIRECTION[®]

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By Henk Hoets
Principal
Hendriks Research
hhoets@h-focusgroups.com
203-227-2077
www.h-focusgroups.com

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Statement of Limitations

In marketing research, focus group research is categorized as qualitative research.

Qualitative research does not produce quantitative data to which statistical tools can be applied. Qualitative research should not be used to make statistically conclusive projections or generalizations. The limited sample size of respondents, nature of the open-ended questions and discussions in qualitative research does not render numerical precision and validity.

Focus group research provides insight and direction. It is a step to providing awareness, knowledge, and insights about attitudes, opinions, beliefs, perceptions, and behaviors.

This report is intended to discover and clarify issues. Its findings are intended to provide direction for further inquiry and research.

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INTRODUCTION

In an effort to understand wireless subscribers in the United States, and factors that drive wireless data adoption and usage, Hendriks Research explores consumer attitudes and behaviors to wireless data services.

Wireless data services are available on cell phones for U.S. consumers. Consumer adoption and usage of wireless data services is increasing. We examine key questions: What are U.S. consumers thinking and doing about wireless data services? What will it take for consumers to increase wireless data usage?

DEFINITIONS

Consumer wireless data services are defined as text messaging, personalized SMS alerts, picture messaging, e-mail, downloads (ring tones, audio clips, video clips, games and information, web surfing (browsing) and instant messaging.

STUDY OBJECTIVES

The objective of the pilot focus group is to explore the attitudes and behaviors of U.S. men, ages 24-39, to wireless data context, usability and pricing on cell phones.

The pilot focus group study focuses on five topics

- General Wireless Data Behaviors and Attitudes
- Wireless Data Usage Situations and Context
- Wireless Data Usability
- Wireless Data Pricing
- Consumer Recommendations

The study is a category study and not brand specific.

STUDY PURPOSE AND USE

The pilot study explores, discovers and provides insight and direction into U.S. consumer attitudes, opinions, beliefs, perceptions and behaviors about wireless data services. The study is only a first step toward gaining a thorough understanding of consumer attitudes and behaviors about wireless data usage. The study findings are intended to provide direction for further inquiry and research. The pilot study is extremely beneficial to service providers, handset manufacturers, application developers and

content providers interested in increasing wireless data adoption, usage, revenues and profits.

METHODOLOGY - TWO PILOT FOCUS GROUPS

Henk Hoets moderated two pilot focus groups. He moderated the first group on March 7, 2005 from 5:00 p.m. to 7:00 p.m. and a second group on March 31, 2005 from 6:00 to 8:00 p.m., at Access Metro New York, a state-of-the-art focus group facility located in New Rochelle, New York.

Access Metro, recruited participants via telephone, using screeners developed by Henk Hoets. The two groups were screened to yield two categories of users: "light" and "heavy" users of consumer wireless data services. The first group of March 7th consisted of light wireless data users, while the second group consisted of heavy users.

Henk Hoets, a trained focus group moderator and wireless industry expert, designed the research and wrote the moderators' discussion guide using his extensive knowledge and experience, as well as feedback from wireless industry researchers and managers.

RESPONDENT PROFILE

The profile for the respondents participating in the pilot is as follows:

- Respondents are men ages 24 to 39 years. Approximately one-half are less than 30 years of age, while the other half are between 30 to 39 years.
- Mix of race - African-Americans, Asians, Caucasians, Hispanics
- Income ranges from \$25,000 to \$150,000 per year.
- All respondents are employed in full-time positions.
- Mix of urban and suburban dwellers (New York City metro area).
- The majority of the respondents purchased a new cell phone in the past six months, while the balance has purchased new cell phones within the past 12 months.
- Respondents purchase cellular phone service from major service providers: Verizon Wireless, Nextel, Sprint PCS, Cingular/AT&T and T-Mobile.
- All respondents pay their own cell phone bills.
- **Group 1** (March 7th group). For the purpose of this report, Group 1 is classified as "**light**" users. Group 1 respondents generally uses data services **WEEKLY** and pay \$2 to \$5 per month for data services.

- **Group 2** (March 31st group). Group 2 is classified as “heavy” users. Group 2 respondents generally use data services **DAILY** and pay \$15 to \$30 per month for data services. They use data more frequently than Group 1 and are more experienced about wireless data services.

None of the respondents works in the cellular, advertising, marketing research or public relations industries. None of the respondents has participated in focus groups about wireless services in the past year. Respondents were re-screened at the focus group facility, prior to participating in the respective group.

Five respondents participated in the first group, while seven participated in the second group. Each participant received a stipend of \$75.

EXECUTIVE SUMMARY & KEY FINDINGS

GENERAL WIRELESS DATA BEHAVIORS AND ATTITUDES

Text messaging is the most widely used data service amongst respondents. Also frequently and extensively used services are downloads of ring tones and games, picture messaging and email. Less frequently used services are downloads of information (news, sports, weather), instant messaging, web browsing and personalized SMS alerts.

Typically, respondents discovered data services by themselves. Sales personnel are not influential in causing respondents to use data services. All respondents are self-taught in using wireless data, primarily through trial and error.

In general, respondents regard consumer wireless data services as a convenience - a nice to have service, not a must have. Only in an emergency or in certain work situations do some respondents see text messaging as a must have service

Respondents regard mobility as the primary benefit of wireless data services on a cell phone, compared to other information services including TV, Internet, newspapers and magazines.

Generally, respondents are aware about advertisements for downloadable ring tones and games, but are not as aware about downloadable information. Respondents do not like unsolicited ads in the form of text messages.

WIRELESS DATA SITUATIONS AND CONTEXT

Respondents use wireless data services in bars, clubs, trains, subways, events (sports, concerts), cars (at stoplights), at work, the gym, "out with people," movie theaters and home. They use data services in noisy or quiet environments, where voice is not possible or desirable. They also use it while waiting.

Reasons for using wireless data services include entertainment, discreteness, communicating when voice is not possible or desirable and avoiding boredom.

WIRELESS DATA USABILITY

Both groups of respondents find text messaging, picture messaging and downloads of ring tones and games as generally easy to use. They find downloads of information, e-mail and instant messaging and web surfing

(browsing) slightly more difficult to use. Both groups have limited experience with personalized SMS alerts and downloading video clips.

WIRELESS DATA PRICING

Generally both groups do not like incremental data pricing. They want price plans that combine data and voice.

Group 1 (light) respondents regard overage charges as a primary issue that causes them concern.

In general, Group 1 is willing to pay between \$2 to \$5 per month for wireless data services, while Group 2 (heavy) is willing to pay \$14 to \$20 per month for data services.

Group 2 finds wireless data pricing and billing easier to understand than Group 1.

RESPONDENT RECOMMENDATIONS

The majority in both groups say they would use more data services if data prices were rolled into a single voice and data price plan. This is the top recommendation of both groups. Respondents want tiered price plans depending on their data and voice usage levels.

Both groups believe voice activated sending and retrieval of data would lead to more data usage.

In addition, Group 2 respondents also believe cell phones with QWERTY keyboards would lead to more data usage, especially web browsing, text messaging and email, however they see the price of QWERTY handset devices as being expensive and a barrier.

Group 2 also want faster access and download speeds.

DETAILED FINDINGS

GENERAL WIRELESS DATA BEHAVIORS AND ATTITUDES

This section explores the respondents' awareness, experience and understanding of wireless data services.

All respondents are experienced in sending and receiving text messaging.

Also frequently and extensively used services are downloads of ring tones and games, picture messaging and email.

Less frequently used services are downloads of information (news, sports, weather), instant messaging, web browsing and personalized SMS alerts.

Group 2 (heavy) respondents are more experienced with web browsing than Group 1 (light).

Most respondents do not have experience with personalized SMS alerts and awareness about the service is low.

None have downloaded video-clips such as news and sports, although some have sent personalized video clips.

None are familiar with mobile TV.

In general, Group 2 respondents are more experienced and knowledgeable about wireless data services than Group 1 and pay more for data services. Group 2 respondents pay \$15 to \$30 per month for wireless data services, while Group 1 respondents pay \$2 to \$5 per month.

The majority of the respondents did not understand that they had text messaging services until someone sent them a text message. True for both groups.

- *"I did not know I had it (text messaging service), then one day I saw an envelope symbol on my screen. I thought it was voice mail, but discovered it was text messages from people I know."*
- *"When I upgraded my phone, that is when I started text messaging... about a year ago. I did not know I had it. I got a message from my girlfriend. I saw the envelope symbol. It occurred to me to dig deeper."*
- *"I discovered text by getting messages. I figured it out by accident."*
- *Another respondent received bill payment notice by text message and discovered text messages.*

The sales person at retail was not influential in selling or causing the majority of respondents to use wireless data services. True for both Groups.

- *“They (sales people) only understand how to sell plans. They don’t know much about the phones and their features.”*
- *“Never” (sold me data services)*

The majority of respondents taught themselves how to use data services.

- *“I learned to do it by trial and error.”*
- *“I had to figure out how to use it. It took awhile to figure out how to use it.”*
- *“You can figure it out in 20 minutes.”*
- *“Played around and discovered web browsing on my phone.”*
- *One respondent in Group 2 read a user guide.*

In general, the majority of respondents find wireless data services convenient. The term “convenient” is a top of mind expression stated extensively by respondents in both groups.

- *“The whole idea of not having to talk to anyone. It is like sending an email. With IM (instant messaging), you have to go back and forth. It is pretty convenient.”*
- *“I like getting text messaging when I am on a voice call.”*
- *“I text my girlfriend at night, when I can’t hear.” (Noisy environment)*

The majority of Group 2 (heavy) respondents entertain themselves with downloaded games. They typically have two downloaded games on their cell phone.

- *“Passes the time when I’m bored.”*
- *“ I play games on the subway, when I can’t get a signal.”*

One person likes to use ring-tones to identify friends who are calling.

- *He specifically downloads ring tones and then assigns a specific ring tone to each friend. When the friend calls, he knows who it is by the ring tone.*

Respondents regard mobility as the primary benefit of wireless data services on a cell phone, compared to other information services including TV, Internet, newspapers and magazines.

- *“It is a computer or TV on the go.”*
- *“You can get it anywhere.”*

- *"I would have to take my laptop with me everywhere I go, if I did not have wireless data on my cell phone."*
- *"When you are on the cell phone, by its very nature you are on the go."*

Generally, respondents are aware about advertisements for ring tones and games, but are not as aware about downloads of information.

- "You see ads for ring tones and games...even on TV"
- " I have not seen ads for information downloads."

Respondents do not like unsolicited text advertisements on their cell phones. They find unsolicited advertisements annoying.

- *"I received some advertising text messages from some www dot com site. It was an invasion of my privacy. I don't feel good about that."*
- *"I bought a ring-tone and then they started sending me stuff (text messages)."*
- *"I started getting stupid text messages everyday, EVERYDAY from some web site."*

WIRELESS DATA USAGE SITUATIONS AND CONTEXT

In this section, respondents in the pilot focus groups named the situations in which they use wireless data.

In the majority of situations named, respondents regard wireless data as a “nice to have” service versus a “must have” service. Only in an emergency, a noisy place and at work do some respondents’ views change to a “must have” service.

- *“There is so much availability of information, it makes it a ‘nice to have’ on the cell phone.”*
- *“It is a luxury.”*
- *“Data use... I don’t know that there is anything I have to have. It is nice to have.”*
- *The only exception for a “must have” is an emergency. “My wife going into labor.”*
- *“I need text messaging for work.”*

Table 1. Situational Use of Wireless Data Services

<i>Where</i>	<i>Reasons</i>	<i>Must Have</i>	<i>Nice To Have</i>	<i>Not Needed</i>
Train/subway	Be discrete, entertainment, can’t use voice,		X	
Work	Can’t use voice, be discrete	X	X	
School	Can’t use voice, boredom		X	
Home	Occasionally use it - respond to a text message		X	
Out with people	Discrete, being polite or rude		X	
Waiting	Entertainment, pass time - boredom		X	
Noisy places: clubs, bars, concerts, sporting events	Can’t use voice phone	X	X	
Movie Theaters	Be discrete		X	
Gym	Communicate - text		X	
Voice call on a cell phone	Receive a text when on a voice call		X	
Car (stoplight)	Communicate - text		X	
Anywhere mobile	Emergencies, entertainment, communications	X	X	

WIRELESS DATA USABILITY

During the focus groups, respondents were asked to participate in three aided group exercises (Sorting Exercise #1, Sorting Exercise #2 and Grouping Exercise #1).

Sorting Exercise #1 [Aided]: Product Category Ease of Use

The group ranked various product categories by ease of use. A product category name was written on a card (example: TV, radio, etc.). The cards were randomly placed on the table and the group sorted the cards from easiest to use to most difficult to use.

The groups ranked the products categories, from easiest to use (1) to most difficult (8) to use. Both groups ranked wireless data services in the 7th place.

Table 2. Group 1 Ranking of Product Categories - Ease of Use

Group 1 Ranking	Product Category
1	TV
2	CD Player
3	Radio
4	DVD Player
5	Cell Phone- Voice
6	Web surfing (computer)
7	Cell Phone - Wireless Data
8	PC/Laptop and MP3 Player

Table 3. Group 2 Ranking of Product Categories - Ease of Use

Group 2 Ranking	Product Category
1	Radio
2	TV
3	CD Player
4	DVD Player
5	Cell Phone- Voice
6	Web surfing (computer)
7	Cell Phone - Wireless Data
8	PC/Laptop and MP3 Player

Participants ranked wireless data services toward the bottom of the scale and cited the following reasons:

- *“It (wireless data) was never explained to me, when I bought the phone.”*
- *“Wireless data is new. I have been doing it about a year. With time it will get easier.”*
- *“It depends on the phone. Some phones are easier to use than others. Most of the [specific brand name] phones are pretty simple, but there are phones that are difficult.”*
- *“It is different on every phone. It depends on the service provider. It is a different process every-time.”*
- *“The phones are becoming easier to use.”*

Sorting Exercise #2 [Aided]: Wireless Data Services Ease of Use

The group ranked various wireless data services, by ease of use. A data service name was written on a card, (example: downloading information, picture messaging etc.). The cards were randomly placed on the table and the group sorted the cards from easiest to use to most difficult to use.

As shown in Table , the groups ranked wireless data services on a cell phone from easiest (1) to use to most (8) difficult to use.

Both groups’ relative ranking of text messaging, downloads of ring tones and games and downloads of information are similar.

Table 4. Group 1 Ranking of Wireless Data Services on a Cell Phone

Group 1 Ranking	Wireless Data Services
1	Alerts (scheduling and alarm clock, but not personalized SMS)
2	Text Messaging
3	Email
4	Downloads (ring-tones, games)
5	Instant Messaging
6	Picture Messaging
7	Downloads - Information (news, sports, weather, entertainment)
8	Web surfing (WAP browsing)

Table 5. Group 2 Ranking of Wireless Data Services on a Cell Phone

Group 2 Ranking	Wireless Data Services
1	Text messaging
2	Picture messaging
3	Downloads- (ring tones, games)
4	Downloads - Information (news, sports, weather, entertainment)
5	Instant Messaging, E-mail
6	Web surfing (WAP browsing)
7	Personalized SMS alerts
8	Download - video clips

Participants cited the following reasons for sorting and ranking wireless data services:

- *"Text messages are easy to use with (carrier named)."*
- *"It (text messaging) is pretty easy to figure out."*
- *"Pretty easy to access (text messages)."*
- *"Picture messaging is not that hard."*
- *"Text messaging has been around for a long time, compared to video clips."*

However, some do not like sending text messages because it takes too long to type messages and is prone to typing errors.

- *Sending "text messaging is time consuming because of typing. (I) do not have the patience to type messages."*
- *"The only thing is typing the letters. I use T9, but it gets annoying because sometimes you get the wrong word. A drop down menu showing a choice of words would solve the problem."*
- *T9 "doesn't bother me. You get used to it." [Half of Group 2 use T9, while the other half use ABC entry mode]*
- *"It is time consuming, but worth it."*

Comments supporting the reasons for ranking other data services:

- *"With e-mail you set up a mail box... it is pretty easy."*
- *"Downloading information is more difficult than ring tones and games because you have to sift and play around a little bit."*

- *“Web surfing (on a cell phone) is not user friendly. I got easily frustrated.”*
- *[Web surfing] “God forbid you press the wrong button. Then you have to start all over again.”*
- *[Web surfing] “Have to be really bored. Rude if you are with other people.”*
- *“It is easier with a computer-like keyboard (QWERTY) on your phone. You got to have the right phone.”*

Both groups have limited experience with personalized SMS alerts and downloading of video clips.

Barriers [Unaided]

Regarding unaided barriers that inhibit more data usage, respondents cited the following:

- *Incremental pricing and cost of data services*
- *Keyboards*
- *A “must have” need for a service*

Grouping Exercise # 1 [Aided]: Issues Affecting Wireless Data Usage.

The groups viewed aided issues that may or may not affect wireless data usage. Each issue was placed randomly on a white board, using Post-it® notes. The groups sorted and ranked the issues into groups, based on those that are mostly likely to inhibit wireless data usage.

The group viewed the following issues: readability, download speed, handset form, pricing plans, blocked calls, weak signal, battery drain, buying data services, number of clicks, customer service, instructions, navigation and personalization.

Table 6. Group 1 Ranking of Usability Issues (aided)

Group 1 Rankings	Issues Affecting Data Usage
1	Keyboard- Handset Form- Number of Clicks- Navigation
2	Pricing Plans, Buying Data Services
3	Battery drain
4	Instructions
5	Personalization
6	Readable screens
7	Download speed
8	Blocked calls
9	Customer service, weak signal-coverage

Table 7. Group 2 Ranking of Usability Issues (aided)

Group 2 Rankings	Issues Affecting Data Usage
1	Pricing Plans
2	Weak signal-coverage
3	Download Speeds
4	Keyboard- Handset Form- Number of Clicks- Navigation
5	Personalization
6	Readable screens
7	Instructions
8	Blocked calls
9	Battery drain, customer service, buying data services

Both groups believe that data services pricing is a significant issue, which inhibits more data usage.

- *“The cost is too expensive. It is all add-ons. It is almost more expensive than internet at home.”*
- *“If it (data service) was rolled up into one package price, I would go for it.”*
- *“Price...can’t afford it.”*
- *“Buying data services is pretty bad. If you don’t buy it with your plan, you are not going to use it.”*
- *(The sales person) “never explained it (data services). I don’t even know what services are on my phone.”*

Group 1 respondents believe keyboards inhibit more data usage.

- *“Keyboarding is the first thing that comes to mind.”*
- *“The keyboard is too small, especially if you have big thumbs.”*
- *“Keyboards are too small...needs small hands. It is frustrating.”*
- *“If each button was allocated to one (alphabet) letter, it would be a lot better.”*

Both groups believe handset form influences keyboard design and size, navigation and the number of clicks to access information.

Group 2 believes that QWERTY keyboards would solve some keyboard issues.

For Group 2, weak signal- RF coverage is an issue, but Group 1 accepts the fact that there is spotty coverage with wireless.

- *“Coverage is one of the first things...can’t communicate.”*
- *“I switched service providers to get better coverage.”*

Respondents’ opinions vary about acceptable wireless download speeds. [Group 2 ranked download speeds as a top issue]

- *“A second download for every second of video. One minute download for one minute video clip.”*
- *“About 30 seconds for a one minute video clip.”*
- *“2X to 4X speed.”*

Group 1 perceives wireless data uses more battery life, whereas Group 2 does not perceive it to be an issue.

- *“Battery would not be a concern, if they could provide a second battery.”*
- *“A battery indicator telling you how battery is being used for different types of services.”*
- *“If they gave you a plug-in charger for your car...you don’t have to worry about battery.”*

Respondents believe screen readability is adequate.

- *“Not too bad.”*

Customer service is not an issue for both groups.

- *For one respondent, customer service refunded a ring tone that never downloaded properly.*

Most respondents do not understand how to personalize SMS alerts, but are interested in it.

- *“If I had a screen that gave me my scores (sports)... just like you set up my favorites on a computer.”*
- *“It has to be personalized. If you could get it pre-loaded.”*

Group 1 respondents do not know what happens to an incoming voice call, when they are using data services at the time the call arrives.

- *Silence - no comments*

Group 2 respondents do not consider incoming calls to be an issue with text messages.

- *“Blocked calls are never a problem.”*
- *“When I am writing a text message and get a call, my text is saved as a draft, which I can go back to.”*

WIRELESS DATA PRICING

This section of the report highlights the participants' responses to wireless data pricing. All respondents in the pilot focus group pay their own cellular bills. [Group 1 respondents pay \$2 to \$5 per month for data services whereas Group 2 respondents pay \$15 to \$30 per month].

When asked what the most important issue was during the entire focus group discussion, both groups stated wireless data pricing as the top issue.

- *"Plans are the first thing to come to mind. Everyone is trying to figure what is the best plan."*
- *"Costs need to be effective."*
- *"Every little thing costs something."*
- *"Keeping costs under control."*
- *"It is too expensive for the services you get."*
- *"What choice do you have? You have no choice on the pricing. Or you pay \$2,000 for laptop and \$50 for wireless access charge."*

Overage charges for voice and data are a top of mind concern for Group 1. They have very strong opinions about overage charges.

- *"Payment structure is more important than reception. Overage is the first concern. There is no cap and you can run up your bill."*
- *"You have to pay extra when you go over (minutes). It is not good."*
- *"The service provider screws you with overages."*
- *"You don't pay extra on home Internet cable. You don't pay extra when you watch too much TV."*
- *"I hate the fact about IN minutes. When you are in the store and look at 350, 450, 500 minutes...what does it mean? It becomes a crazy math problem. There is no way to know until you go over. You learn by making mistakes."*
- *One participant sent picture messages, when he upgraded his phone, and did not realize he was being charged for sending picture messages. He ran up a \$150 bill for picture messages. "I started sending picture messages. I went crazy. I did not realize I was being charged." He subsequently has switched to another carrier.*

- *One respondent suggested service providers should send a warning when subscribers are about to exceed their minute plan.*

The majority of respondents in both groups want data services priced into one monthly price plan for voice and data.

- *"If it (data services) were built into my plan, I would go for it. If you could get text messaging and downloads for an extra \$5 built into the plan, I would get it."*
- *"Wireless data service is an add-on, not inclusive. People want an all inclusive price plan."*
- *"Put all the charges in one line. I don't have the patience to read it (bill)."*
- *"Should be all inclusive pricing."*
- *"You need to be on a plan."*

The majority of Group 1 stated \$2 to \$5 per month is the amount they would spend extra for data services. Some would be willing to pay \$10 for unlimited data services.

- *"A couple of bucks a month"*
- *"\$2.99... max 5 bucks"*
- *"Lower"*
- *"I would love to get sports tickers on my phone at 10 o'clock at night after the games are finished. I would pay \$3 to \$5 per month for that."*
- *"Home Internet is \$25 to \$40 per month. For unlimited use, wireless data should be about \$10."*

The majority of Group 2 wants prices ranging from \$14 to \$20 per month for unlimited wireless data use.

- *"\$14"*
- *"\$15"*
- *"\$20"*
- *"I pay \$30 for data; it needs to be lower."*
- *"Should be cheaper. I pay \$30 for home internet which is a million times faster and I pay \$20 for wireless data services."*

Group 1 respondents want control over how to allocate data and voice minutes in a plan.

- *"Let people allocate minutes to data and voice."*

- *“Build a plan. \$65 for 1,000 minutes... do want you want with the minutes.”*

Some group 1 respondents perceive that they are being charged airtime and worry about costs when using text messages and data services.

- *“If you cannot get through with text, it will disconnect and then you have to start all over again and that’s minutes of use right there.”*
- *“That’s true, if I cannot get my message through, I start thinking about costs.”*
- *“You think about time, minutes, how it is adding up.”*

Survey Handout # 1

The respondents completed a survey about pricing and cell phone bills (4-point scale: difficult, somewhat difficult, somewhat easy and easy).

In general Group 2 finds wireless data pricing and billing easier to understand than Group 1.

The majority of Group 1 respondents think understanding wireless data pricing plans is “somewhat difficult”, while the majority of Group 2 respondents believe it “easy”.

Some of Group 1 respondents think understanding wireless data service charges on their cell phone bill is “somewhat easy,” while the balance thinks it is “somewhat difficult.” Group 2 however thinks understanding wireless data service charges as “easy.”

The majority of the respondents think understanding their cell phone bill is “somewhat easy,” however three Group 2 respondents think it “somewhat difficult.”

RESPONDENT RECOMMENDATIONS

When asked to make recommendations to the wireless industry to improve wireless data services, respondents cited the following recommendations:

- Inclusive pricing plans -voice and data
- Voice activation to send and retrieve data
- QWERTY keyboard devices at lower prices (Group 2)
- Faster download speeds (Group 2)

Inclusive Price Plan

The respondents in both group recommended that combining data services into one price package with voice would lead to more data usage.

- *“If the data price were inclusive in the price plan, I would not have to worry about time and costs. I would use it more.”*

Respondents want tiered price plans depending on their data usage levels. They want to be able to add their chosen data plan to their voice plan.

- *“Should have a couple of different price packages based on what you need or want.”*

Voice Activation

In both groups, respondents suggested the use of voice activation to send and retrieve data. They stated voice activation would circumvent small keyboards, number of clicks and navigation issues, leading to more data usage.

- *“Voice activation to get data would be great. It would be hot. I could do without keyboarding (typing). I think a lot of people feel that way. Typing messages takes too much time. With voice activation, I would use it more. Time and convenience are the benefits.”*

For voice activation, most respondents would be willing to pay \$10 per month extra, and a maximum of \$15.

QWERTY Keyboards

Group 2 respondents believe QWERTY keyboard devices would increase their use of data services, but they view the devices as too expensive.

- *“If I had a computer-like keyboard phone, it would be easier.”*
- *“I would like a [brand name QWERTY device], but I can’t afford it.”*
- *“If you sign up for a contract, the phone (QWERTY) should be cheaper.”*

- *“It is big but easy to use.”*

Faster Speeds

Group 2 respondents generally want faster download and access speeds.

Other Interests

Respondents are also interested in conducting transactions on their cell phone.

- *“If I could improve my business...take credit cards...be able to complete credit card transactions. Buy things with the phone.”*
- *“If I could buy things... that’s a convenience.”*
- *The group cited several specific transaction applications: paying parking meters, buying soda from vending machines and groceries. “That would be great.”*

PRELIMINARY IMPLICATIONS

The pilot focus group findings present preliminary insights for service providers, content providers, application developers, and manufacturers.

The preliminary findings suggest several opportunities for service providers to increase subscriber data usage and revenues. The following implications warrant further inquiry and investigation:

1. Train retail sales personnel to sell consumer data services to subscribers who buy or upgrade phones, or change service plans.
2. Create inclusive price packages, combining voice and data price plans.
 - a. Develop several tiered plans
3. Set-up data services on subscribers' cell phones at point of sale.
 - a. Customer service or sales personnel customize data services for subscribers- download or configure data services.
 - b. Pre- load applications onto cell phones for targeted segments.
4. Instruct subscribers on using data services at point of sale.
5. Create easy to understand bills about wireless data charges. (A bundled pricing plan will help to solve this issue).
6. Examine feasibility of subsidizing the retail price of QWERTY phones.
 - a. Offset subsidized device with extended or higher priced contract.

Content providers can increase usage of their wireless data services by making subscribers aware of their applications, simplifying applications, and providing simple instructions to users on how to use their applications. Simplifying navigation and reducing the number of clicks to access specific data can also help facilitate use.

Application developers and service providers can develop client-side BREW[®] and J2ME[™] tools to simplify initial set up of personalized SMS alerts. The client-side personalization tool can be pre-loaded or downloaded over the air (OTA). [Please contact Henk Hoets for more information about this subject.]

Handset manufacturers can boost sales of their products by improving ways to use data services. Simplifying navigation is important. In

addition, preloading specific applications can help eliminate the process and time of downloading applications for targeted segments.

NEXT STEPS

As this pilot study provides preliminary findings, more focus groups should be conducted to gain further insights. Conducting more focus groups will allow researchers and managers to probe and clarify particular topics in greater depth or to introduce related topics. In addition, more focus groups can be used to evaluate whether or not the responses of the pilot groups are consistent or different with the perceptions, opinions, behaviors and attitudes of similar respondents throughout the country.

If you are interested in conducting more focus groups on this topic, please contact Henk Hoets at 203-227-2077 or email hhoets@h-focusgroups.com.

APPENDIX - CV

HENK HOETS

Henk provides keen insights based on deep wireless industry experience and knowledge. His extensive client-side experience with service providers and manufacturers delivers valuable, prescriptive consultations, in addition to focus group moderating and executive interviewing services.

- Founder and Principal of Hendriks Research (DistaTEC, LLC).
 - Focus group moderating and in-depth interviewing services
 - Consulting services
 - Wireless, telecommunications and electronics industry expertise
 - Clients include electronics manufacturers and wireless service providers as well as marketing research and consulting firms.
- Twenty years of marketing and senior management experience in the wireless industry at Motorola, SmartServ Online, Inc. and E.F. Johnson Company. Held executive level positions as vice president, managing director and director with responsibilities for:
 - Marketing wireless applications, services, products, systems and networks.
 - Developing cellular service provider joint ventures on a global basis.
 - Selling, building and supporting operations of cellular, data, dispatch, telemetry and paging networks.
 - Serving as a board director for a cellular service provider - Total Access Communications PLC.
- Education
 - Trained Focus Group Moderator RIVA Training Institute
 - Principles of Marketing Research University of Georgia
 - Master of Business Administration University of Miami
 - Bachelor of Arts University of Denver
- Memberships
 - American Marketing Association
 - Marketing Research Association
 - Qualitative Research Consultants Association

Appendix - Services

Hendriks Research

Hendriks Research provides qualitative marketing research services:

- Focus Group Moderating
- Depth Interviews - Executives, Experts, Users
- Consulting - telecommunications and electronics industries

We can help you

- define research objectives
- design research scope of work
- write respondent screening questionnaires
- manage logistics and respondent recruitment
- write discussion guides and questionnaires
- moderate focus groups
- conduct interviews
- tape and transcribe responses
- analyze responses
- write reports of findings

For help with your next research project please contact Henk Hoets at

Hendriks Research,
DistaTEC, LLC,
606 Post Road East, #555,
Westport, CT 06880

Phone 203-227-2077

Email hhoets@h-focusgroups.com

Web www.h-focusgroups.com

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