

BRIEF

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Who Likes Ring Tones?

CONSUMER TECHNOGRAPHICS NORTH AMERICA

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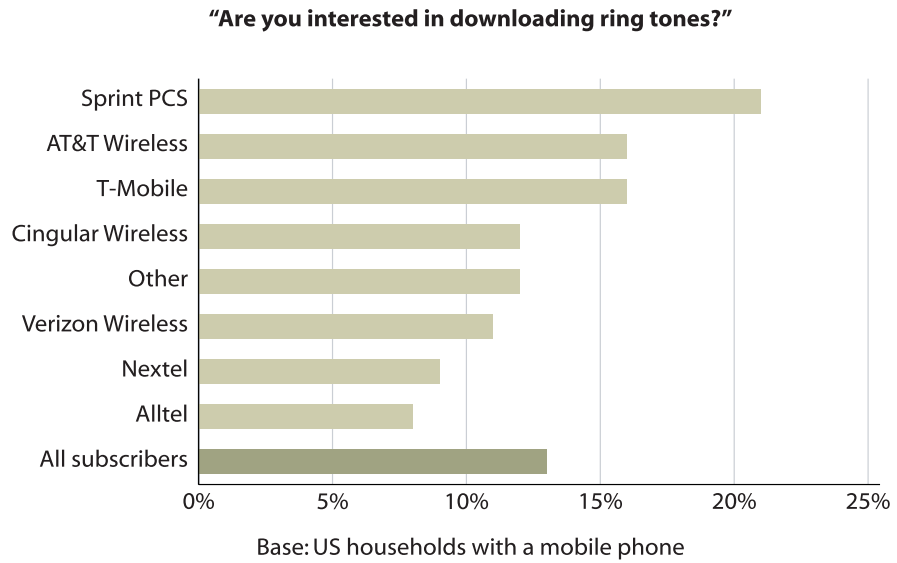
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Only 13% of wireless subscribers express interest in downloading ring tones to their phone. However, these users are the apple of a carrier's eye -- they're younger, spend more on mobile, use data services, and are more attached to their phones.

When Forrester surveyed consumers in April and May of this year, we asked about their interest in purchasing downloadable ring tones from their wireless provider.¹ What did we learn?

- **Few said they would buy.** Not even one-sixth of consumers expressed interest in buying a ring tone for their phone (see Figure 1). The exception? Sprint PCS customers, more than a fifth of whom said they would buy ring tones. Among the nationwide US carriers, Verizon Wireless and Nextel Communications customers expressed the least enthusiasm.
- **Ring tones appeal to the subscribers carriers love . . .** Those who want ring tones pay almost a third more per month today on mobile service than those who don't and spend nearly twice as much on data services (see Figure 2-1). Mobile matters more to this group, too -- they spend more than twice as much time each day using their mobile phones (see Figure 2-2).
- **. . . and whom carriers hope will continue to love them back.** No surprise -- those who like ring tones aren't likely to be concerned about Social Security (see Figure 2-3). Operators that build loyalty among these young, high-spending subscribers will capture lifetime customer value far above that of today's mature voice-centric user. As number portability kicks in, T-Mobile should use Beyoncé ring-tone giveaways to retain its own and attract competitors' high-value young subscribers (see the October 24, 2002 Forrester Brief "Number Portability: A Prescription For Churn").²

Figure 1 Few Mobile Subscribers Are Interested In Ring Tones



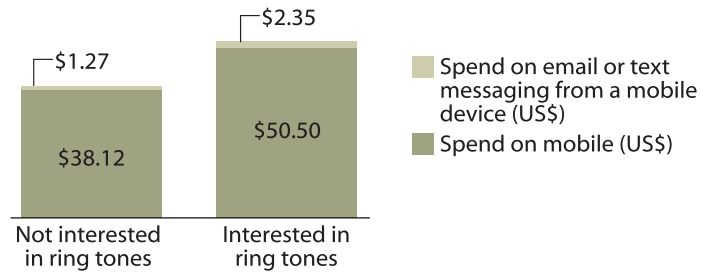
Source: Forrester’s Consumer Technographics Q2 2003 North American Study

Source: Forrester Research, Inc.

Figure 2 Subscribers Interested In Ring Tones Are The Cream Of The Crop

2-1 Those interested in ring tones spend more and use wireless data ...

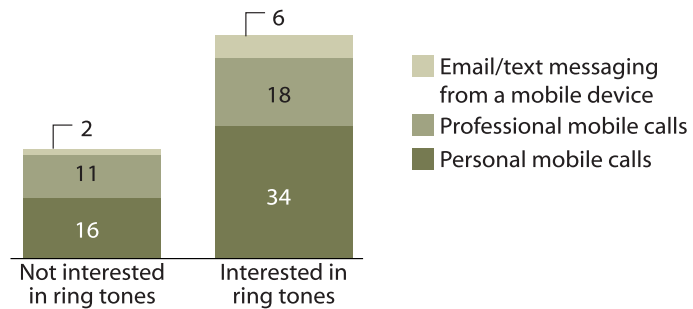
“How much do you spend on your mobile phone and email/text messaging from a mobile device per month?”



Base: US households with a mobile phone

2-2 ... are more attached to their phones ...

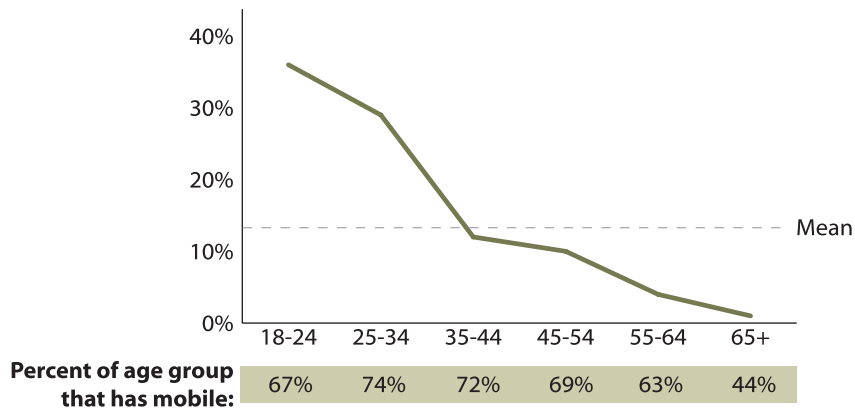
How many minutes each day do you spend on:



Base: US households with a mobile phone

2-3 ... and are younger

Percent of each age group that is interested in ring tones:



Base: US households with a mobile phone

Source: Forrester’s Consumer Technographics Q2 2003 North American Study

Source: Forrester Research, Inc.

¹ In Forrester's Consumer Technographics Q2 2003 North American Study, we asked consumers: "How interested would you be in purchasing each of the following add-on services from a wireless provider?" Among the choices was "download ring tones."

² Almost 22% of US mobile subscribers are interested in switching mobile carriers if they could keep their current number, versus 9% if they had to get a new number. Who is most likely to switch when wireless number portability becomes available? The highest-revenue customers.