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# Mobile Trends: Consumer Views of Mobile Shopping and Mobile Service Providers

## Introduction

Mobile commerce, in all its forms, is growing exponentially. U.S. consumers of all ages use their mobile device for shopping on-the-go, making more-frequent mobile payments, and connecting to other sales channels (for instance, researching products and services on their phone while standing in a physical store). This explosion of mobile usage offers challenges and opportunities to retailers and mobile service providers as they race to provide reliable, always-on access to a new retail experience.

In an effort to evaluate U.S. consumers' mobile shopping habits and also to discover what attributes consumers value most in their mobile service provider, ATG (acquired by Oracle in November 2010) launched the Mobile Trends: Consumer Views of Mobile Shopping and Mobile Service Providers Study, which surveyed 1,054 U.S. consumers ages 18 and older on the following topics:

- Use of mobile devices for shopping and commerce-related activities
- Perceptions of mobile providers' customer service
- Why, and how often, customers switch mobile providers
- How consumers like to interact with their mobile provider, and what online services they expect

For retailers, this research report shows steadily and rapidly increasing consumer adoption of mobile commerce as a critical shopping channel. It also provides insight into the types of browsing, research, and purchasing activities consumers are doing with their devices, even while in a retailer's physical store.

For mobile service providers, this report identifies an opportunity to improve customer retention by improving the customer experience they create for subscribers across all channels, and especially delivering better-quality customer service online. As consumers rely on their devices for more and more commerce-related activities, in addition to social and communicative activities, perceived gaps in customer experience will become that much more apparent to users, posing a huge challenge—and opportunity—for these service providers.

## Highlighted Findings

Listed here are some of the key findings from the survey, which can help retailers and mobile service providers adapt to more shoppers using their mobile devices in the consumer process.

Mobile commerce is growing dramatically:

- 48 percent of all U.S. consumers are using their mobile devices to research and browse products and services, and those numbers have grown steadily compared to two previous consumer surveys commissioned by ATG in the past 15 months.
- 29 percent of consumers have made at least one purchase via a mobile phone, more than double the number reported in a similar ATG consumer survey conducted in November 2009.

Consumers want more-personalized experiences from their mobile service provider:

- 71 percent of consumers say pricing is a major factor when choosing a mobile provider, and 23 percent of consumers said they want better ways to research plans and services on a provider's Website.
- 14 percent of consumers want live help options from their provider, but just 6 percent indicate that they have an opportunity to use live help services including click-to-call and click-to-chat.

Customer service is a major churn factor for mobile service providers:

- Although pricing remains the top factor when consumers choose a mobile service provider, 11 percent of all respondents said that they have switched mobile providers because they were not satisfied with their customer service—more than the number who switched because of network coverage or device offerings.

## The Growth of Mobile Commerce

The mobile channel continues to grow as a connector of other sales channels among all age groups in the U.S. Consumers are starting to use their mobile devices to comparison shop, seek product ratings and reviews, and to search for coupons. There are also indications that consumers are using their mobile devices more frequently for shopping purposes while standing in a physical store. 48 percent of consumers across all age groups are using their mobile devices to research or browse products and services. This is up from 37 percent in a consumer benchmark survey commissioned by ATG in July 2010, and 27 percent in a consumer cross-channel survey taken in November 2009. By age group, consumers who use their device to research and browse products and services broke down as shown in Table 1.

TABLE 1. RESEARCHING AND BROWSING PRODUCTS AND SERVICES ON A MOBILE DEVICE, BY AGE GROUP

AGE GROUP	CROSS-CHANNEL CONSUMER SURVEY (NOVEMBER 2009)	CONSUMER SHOPPING BEHAVIORS BENCHMARK SURVEY (JULY 2010)	MOBILE TRENDS: CONSUMER VIEWS OF MOBILE SHOPPING AND MOBILE SERVICE PROVIDERS SURVEY (DECEMBER 2010)
18–34	41%	55%	60%
35–54	23%	39%	44%
55 and older	19%	22%	36%
Overall	27%	37%	48%

By gender, consumers researching and browsing products and services on their mobile devices broke down as shown in Figures 1 and 2.

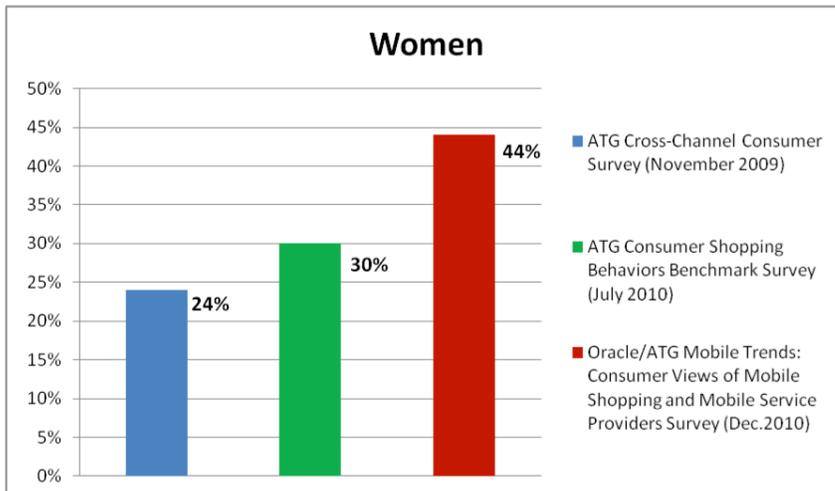


Figure 1. More women are now using their mobile devices to research and browse products.

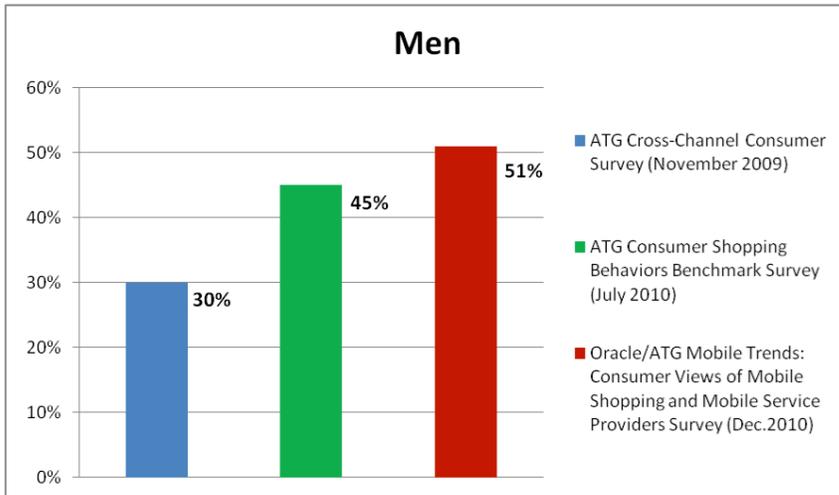


Figure 2. More men are now using their mobile devices to research and browse products.

Making purchases with a mobile device is also increasing across all age groups for both men and women. In fact, 29 percent of consumers across all age groups have made at least one purchase on their mobile device, which is significantly higher than the 13 percent of consumers who said they had made a mobile purchase in the ATG November 2009 survey, and up from 23 percent in ATG’s Consumer Shopping Behaviors Benchmark Survey which sampled respondents in July 2010.

Table 2 outlines respondents by age group who said they had made at least one purchase via mobile.

TABLE 2. MAKING ONE OR MORE MOBILE PURCHASE, BY AGE

AGE RANGE	CROSS-CHANNEL CONSUMER SURVEY (NOVEMBER 2009)	CONSUMER SHOPPING BEHAVIORS BENCHMARK SURVEY (JULY 2010)	MOBILE TRENDS: CONSUMER VIEWS OF MOBILE SHOPPING AND MOBILE SERVICE PROVIDERS SURVEY (DECEMBER 2010)
18–34	23%	41%	40%
35–54	11%	23%	27%
55 and older	7%	9%	17%
Overall	13%	23%	29%

By gender, consumers who had made at least one purchase via mobile broke down as shown in Figures 3 and 4.

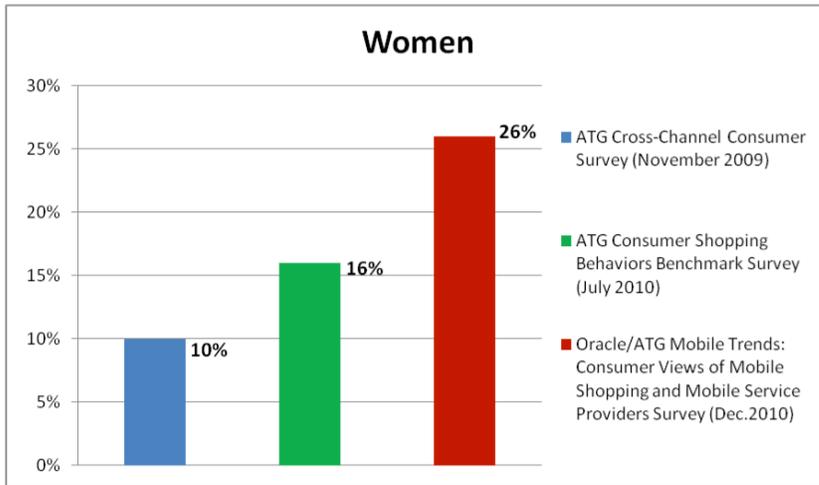


Figure 3. Women are increasingly likely to make at least one purchase via mobile.

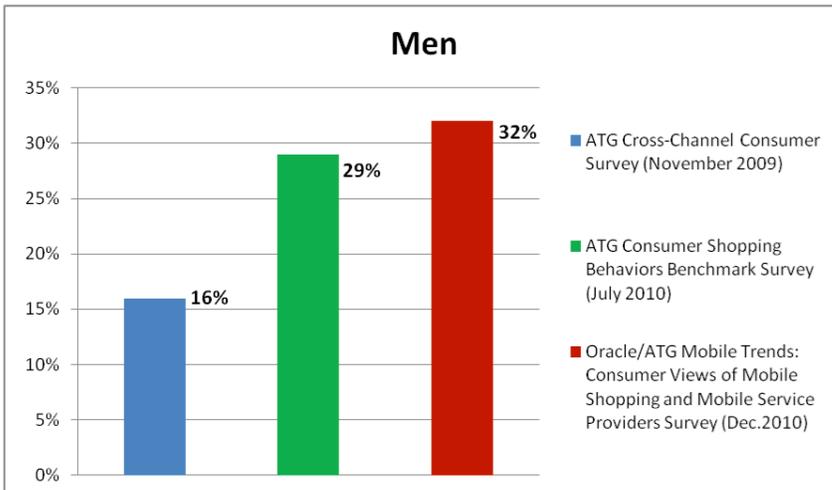


Figure 4. Men are increasingly likely to make at least one purchase via mobile.

Consumers across all age groups are using their mobile devices to receive product information while in a store. 20 percent of consumers ages 18 to 34, 13 percent of those ages 35 to 54, and 10 percent of those ages 55 and older use their mobile device to get product information while in a store. Across all age groups, 28 percent of consumers have used their mobile device for shopping activities while in a store. Overall, consumers use their devices for the following kinds of in-store shopping activities (respondents were allowed to choose as many options as applied to them):

- 16 percent compare prices with those of another brand or store.
- 10 percent visit the same brand’s or store’s Website to obtain more information about a product or service.
- 7 percent look for coupons or discounts for that brand or store.

- 6 percent check to see if a product is in stock at a particular store.
- 6 percent seek ratings or reviews on a product or service.
- 5 percent collect rewards for visiting a store.
- 4 percent request feedback or share an update on something they were considering purchasing.

Consumers across all age groups are indicating a desire to make payments on their mobile devices. While younger consumers are more likely to want mobile payment options, this demand is also gaining traction with older mobile phone users. Consumers saying they would be either “very interested,” “interested,” or “somewhat interested” in purchasing a product by checking out on their mobile phone while in a store, instead of paying at the cashier, broke down as follows:

- 56 percent of consumers ages 18 to 34
- 43 percent of consumers ages 35 to 54
- 19 percent of consumers ages 55 and older

Men appear to be more interested than women in making mobile payments. 45 percent of male respondents said they would be either “very interested,” “interested,” or “somewhat interested” in checking out on their mobile device while in a store, compared to 38 percent of women.

The newest findings outlined above further confirm the rise in mobile commerce, illustrating how rapidly U.S. consumers are embracing shopping-related activities on their mobile devices. Industry data shows that these activities are similarly rising among European consumers. For example, a Forrester Research survey conducted in the second quarter of 2010 found that while only 2 percent of European consumers had actually purchased products from their mobile phone, 16 percent had used their mobile phone for shopping-related activities (researching products, checking the status of an order, or locating nearby stores). Merchants and wireless providers all over the world need to be prepared to accommodate more mobile shoppers as this trend continues.

## Takeaway

Increasingly, consumers across all age groups want to use their mobile devices not only to get more information about products and find the best prices in stores nearby but also to make payments directly from their device while in a store. While mobile commerce is more prevalent among younger consumers, there are signs that it is gaining traction even among those ages 55 and older. Overall, more than twice as many consumers are making purchases on their mobile phones compared to a similar survey in November 2009. Although the overall share (29 percent) is still relatively low, the steady and rapid growth in adoption compared to previous research indicates that consumers are increasingly looking for this as an option. In addition, numerous studies point to the exploding value of the mobile channel as a connector that facilitates sales, especially with the rapid ascendancy of smartphones. According to analyst firm Gartner, worldwide sales of smartphones in 2010 were up 72.1 percent from 2009, and represented 19 percent of the total mobile phone sales in 2010. ABI Research predicts that mobile commerce will be worth US\$119 billion globally by 2015.

Not surprisingly, companies that see this trend are rapidly increasing their mobile commerce investments. A Forrester Research survey in the first quarter of 2011 found that 52.4 percent of U.S. online retailers planned to make mobile commerce a high-priority technology investment for the coming year, which was significantly higher than the 18.6 percent who said they were prioritizing mobile commerce in 2010. In addition, larger entities are spending “well into the millions of dollars annually,” according to Forrester’s 2011 Mobile Trends report.

These data points strongly suggest that merchants who delay or fail to strengthen their mobile presence to maximize sales are missing a major opportunity.

Regardless of whether purchases are transacted via a mobile device or the device serves as a research tool for shopping decisions, it is clear that the mobile channel is playing a growing role in the commerce process. Retailers will need to ensure that their mobile channel is optimized to satisfy expectations and drive revenue. In addition, retailers should ensure that their mobile channel is integrated and consistent with their other channels to effectively engage and influence their customers across every touchpoint.

## Where Mobile Service Providers’ Online Services Fall Short

Mobile service providers operate in a complex and rapidly evolving market. Multiple forces affect consumers’ purchase behavior, including the constant introduction of new devices and services, and new channels for consumers to evaluate their wireless options.

The survey results reveal a disconnect between what online services consumers would like to see from their mobile provider, and what they’re seeing offered. Consumers responding to this survey are looking for a personalized online experience, as well as better ways to research mobile products. 23 percent of respondents want better ways to research plans and services to more easily find answers to their questions about pricing. This is especially significant because 71 percent of respondents, across all age groups, said pricing and overall cost was an important factor when choosing a mobile provider, by far the most common reason cited. This complements findings cited in Oracle’s “Opportunity Calling: The Future of Mobile Communications” report—released in September 2010—which surveyed consumers worldwide and found that 77 percent said they would switch to another mobile provider with better pricing, and 81 percent said they value price in their mobile service provider.

- Consumers across all age groups want their provider to offer live help options on their Website, but these options aren’t always clearly available. 14 percent of consumers across all age groups said they prefer to see click-to-call or click-to-chat options on their mobile provider’s Website. Yet only 6 percent said they currently use click-to-call or click-to-chat, suggesting that their current provider either does not offer these services, does not promote them visibly enough, or does not provide the right incentive for customers to use them.
- Just 8 percent of all respondents said they currently use a home page that is personalized to them, based on their plans and usage. However, 21 percent said they would prefer that their mobile provider give them a personalized home page.

- Across the board, 8 percent of consumers described their mobile provider as “difficult to communicate with online.” This was especially true for younger subscribers, with 13 percent of those ages 18 to 34 saying they experience difficulty communicating through online channels with their provider.

### Takeaway

For those mobile service providers that currently do not offer services such as live help, a personalized home page, and self-service options, there appears to be a big opportunity to increase customer satisfaction and loyalty by adding those capabilities to their online channel. Providers that do offer such services should ensure that customers can find and use them. This eliminates any gap between consumer perception and reality regarding mobile provider offerings.

## How Consumers Prefer to Interact with Their Mobile Provider

Consumers of different ages prefer different methods of interaction with their mobile provider. Older consumers tend to prefer in-person or over-the-phone interactions to secure answers to their questions or find solutions. In contrast, younger consumers tend to prefer online, self-service options.

- Older consumers are more likely to prefer visiting their mobile company’s store to going online. Some 42 percent of consumers ages 55 and older said they prefer “in-person requests and interactions,” compared to 29 percent in the 35-to-54 age group and 34 percent in the 18-to-34 age group.
- When they have a question, younger consumers tend to start first with a mobile provider’s Website, while older consumers are more likely to call a customer service center. 32 percent of those ages 18 to 34 said they visit a provider’s Website with questions or complaints about their service, compared to 27 percent of those ages 35 to 54 and 15 percent of those ages 55 and older.
- By comparison, 50 percent of those ages 55 and older said they typically go to a customer service call center with questions or complaints about their mobile service. About 43 percent of those ages 35 to 54 and 32 percent of those ages 18 to 34 use a call center.
- Not surprisingly, younger people go online more frequently to access their mobile provider’s online self-service. About 69 percent of those consumers ages 18 to 34 and 68 percent of those ages 35 to 54 access their mobile provider’s online service at least once a month, compared to 55 percent of those ages 55 and older.
- Asked which online services from their mobile provider they use most, respondents across all age groups answered the following:
  - 36 percent said self-service options to make online payments, change plans, or purchase devices.
  - 22 percent said researching plans and services.
  - 10 percent said a knowledgebase or FAQ to answer questions.
  - 10 percent said user reviews of products and services.

## Takeaway

The Web is a key customer service channel for mobile providers, especially for consumers under 35. The fact that most consumers visit their mobile provider's online services at least once per month suggests there is a tremendous opportunity for telecommunications companies to create deeper relationships with their customers and give them a more personalized, satisfying experience. As different age groups prefer different methods of interaction with their provider, and traditional and online channels converge, mobile providers should consider how they can create a cohesive cross-channel customer experience that meets the needs of each customer segment, and how to tailor that experience appropriately.

## Why and How Often U.S. Consumers Churn

The quality of customer service plays a major role in consumers' decisions to switch mobile providers—even more so than network coverage or device options. In addition, younger mobile phone users tend to switch providers more frequently.

- Across all age groups, 11 percent of respondents said they had switched mobile providers because they were dissatisfied with their former provider's customer service. This was the second most common reason, trailing only that their new mobile provider offered better pricing or discounts (16 percent). Customer service dissatisfaction was also cited more often than dissatisfaction with their former provider's network coverage (8 percent) or lack of availability of a particular phone or device (5 percent).
- Younger consumers tend to jump around more frequently from one mobile provider to the next. 30 percent of respondents ages 18 to 34 have purchased mobile services from two or more providers in the past five years. By comparison, 22 percent of those ages 35 to 54 and 19 percent of those ages 55 and older have used multiple providers.
- 20 percent of consumers ages 18 to 34 said they are likely to leave their current mobile provider in the next 12 months. In comparison, just 14 percent of those 35 to 54 and 13 percent of those ages 55 and older are likely to leave.

## Takeaway

The results confirm findings from Oracle's "Opportunity Calling: The Future of Mobile Communications" report, which revealed that the mobile market is ripe for competition. This survey found that 77 percent of mobile customers worldwide would switch to another provider that had better pricing, and 83 percent would be willing to switch to a nontraditional telecom provider such as Google, Sony, or Facebook if they offered similar quality and pricing.

Beyond pricing, the data shows that the problems go deeper than consumers wanting the latest handset from another provider, with customer service representing a significant challenge and potentially a missed opportunity.

## How Consumers Evaluate Mobile Services

Younger consumers are more likely to factor in the types of devices a provider offers when choosing a mobile service. 23 percent of consumers ages 18 to 34 said the types of mobile devices a mobile provider offers factor in their decision of choosing a provider, compared to 15 percent of those ages 35 to 54 and just 11 percent of those ages 55 and older.

- Perhaps unsurprisingly, pricing tends to be a bigger factor for older consumers. 75 percent of consumers ages 55 and older and 73 percent of those ages 35 to 54 said pricing plans and overall cost was one of the three biggest factors for them when choosing a mobile provider. By comparison, 67 percent of those ages 18 to 34 cited pricing and cost.
- Younger consumers are looking for a larger variety of applications and multimedia content. 9 percent of consumers ages 18 to 34 said the availability of applications, multimedia, and content they support are a major factor when choosing a mobile provider, compared to just 4 percent of consumers ages 35 to 54 and just 3 percent of those ages 55 and older.

### Takeaway

Younger consumers may be willing to spend more on their mobile devices and plans if the mobile provider gives them a richer experience with more customer service options, and to some extent, better devices. However, mobile content plays a differentiating role for less than 10 percent of younger consumers and far fewer older subscribers.

## Conclusion

With nearly 3 in 10 consumers making mobile purchases, and close to half researching and browsing products and services on their mobile devices, mobile is clearly becoming a connector of all other shopping channels. Morgan Stanley analyst Mary Meeker predicted in 2010 that mobile will be “bigger than desktop Internet in five years.” Rather than looking at the mobile channel as disconnected and separate, merchants need to adopt a strategy that takes advantage of mobile’s capabilities as part of a seamless, connected experience with other channels, helping to facilitate sales regardless of where the final transaction takes place.

For mobile providers, these survey results show that there are clearly missed opportunities they can take advantage of, including making the online service experience more satisfactory; offering live help options; and making it easier to obtain information about plans and services, especially regarding pricing questions. By adopting an almost retail-like cross-channel strategy, mobile service providers can both increase the lifetime value of their customers and give them fewer reasons to churn.



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