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Mobile Devices and Platforms

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Signature Smartphones: Gaining Mindshare in Order to Gain Market Share

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Signature Smartphones: Gaining Mindshare in Order to Gain Market share

Catalyst: With the release of the original iPhone as well as its 3G and 3GS successors, Apple quickly and effectively created a lasting brand impression within the minds of mobile phone consumers. The company seamlessly melded its history of offering high-quality computers and music players with its first cellular device. Two years later, Palm has seemingly demonstrated that other brands can successfully launch smartphones that not only match the iPhone's glow, but can stand alone in their own right.

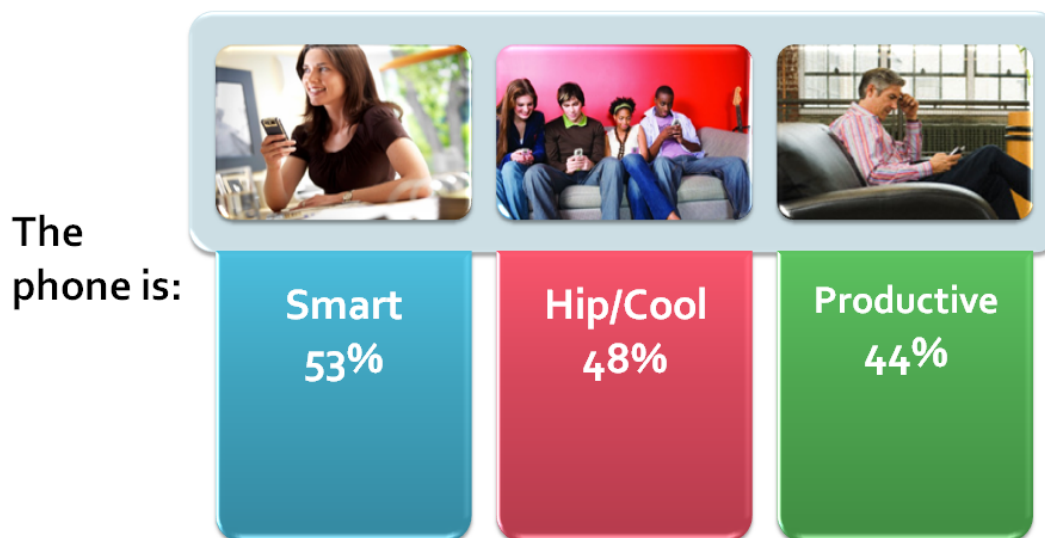
Core Questions:

- 1) What three positioning factors will be most effective in attracting potential smartphone buyers?
- 2) How important are those drivers to a vendor's success in launching a new handset?
- 3) To what extent should vendors try to match the iPhone 3GS's brand associations in the smartphone space?

Interpret Insight: Consumers intending to purchase a smartphone no longer feel that the iPhone is the only player in the smartphone market. When it comes to how much they are willing to pay and what key associations they attach to smartphones, consumers are exploring all of their options. However, they see a smartphone's ability to be smart (53%), hip/cool (48%), and productive (44%) as the key barriers to entry.

Carriers and vendors must showcase the three most influential drivers in their positioning.

Three key image projections helped increase market share for both the leading smartphone brands as well as for the upstart ones.



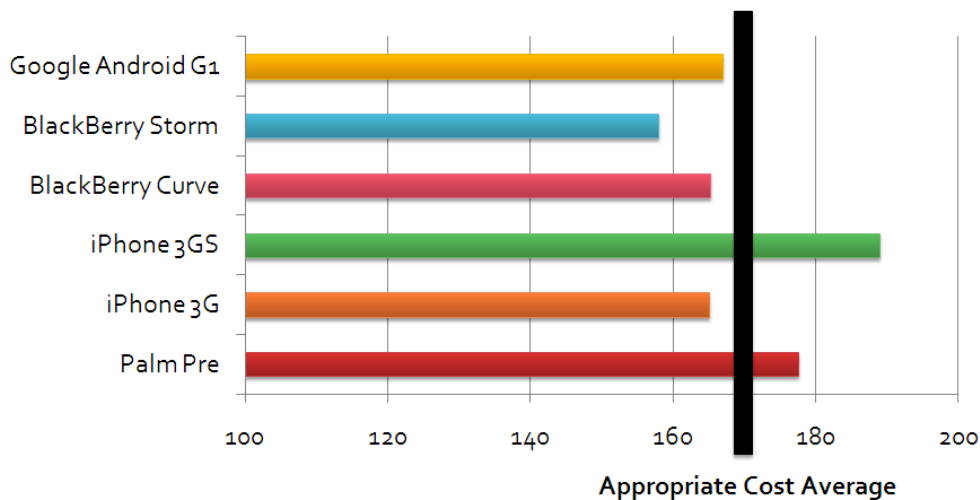
Smartphone intenders disclosed that they want their signature handsets to be:

1. Smart (intelligent, adept)
2. Cool (hip, trendy)
3. Productive (efficient, organized)

—and in that order of importance. Vendors hoping to effectively position and sell upcoming handsets should note that Palm—an established, yet struggling brand—was able to successfully launch the Pre by applying those exact emotions in their campaigns. Driving the most pull was the consumer’s need to feel “smart” (at a 53% average). They are hoping that their future signature smartphone will not only come with the informational and troubleshooting support associated with high-profile devices, but also the value-oriented proposition of having additional capabilities (such as a camera or GPS).

It appears the most highly publicized signature smartphones are no longer expected to simply accomplish advanced tasks, but they must also project three key attributes of their owners to others. Consumers are so pressed to portray these traits that they are demonstrating a willingness to accept phones that accomplish this undertaking at a higher price tag.

The iPhone 3GS and the Palm Pre excelled at projecting the smart, cool and productive sentiments—consumers think it is appropriate for vendors to offer the two handsets at a higher price point.



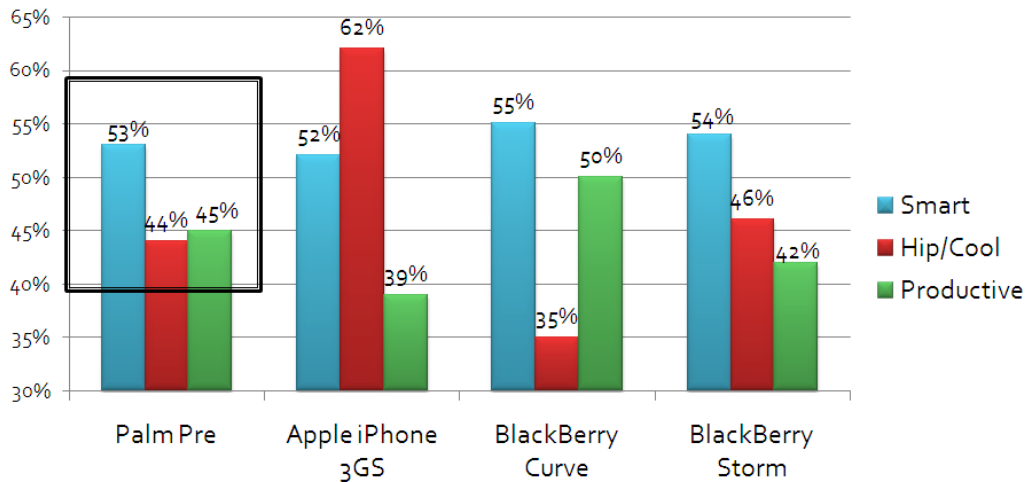
Question: "If the prices below were based upon a 2 year contract, at which of these prices would you consider the phone to be priced appropriately."
 Source: Interpret MobileTrax
 2nd Quarter Wave... n=1864 Intenders
 Average represents mean of all six smartphone handsets.

Offering smart productivity is one thing, but embodying coolness could take vendors to the next level.

Interest in projecting a hip or cool image was so prominent (at 48%) that it is crucial that vendors put more focus in connecting with this sentiment in their marketing collateral and campaigns. Although RIM has focused on exceptional email functionality with its BlackBerry portfolio and Google has emphasized

its advanced operating system with the Android OS, they have not leveraged these capabilities in such a way to necessarily embody “coolness” with the general public.

Palm successfully launched the Pre in a crowded marketplace by positioning it well with all the three key emotional drivers.



Question: "Think about the ...phone. What are the top feelings that come to mind?"
 Source: Interpret MobileTrax
 2nd QuarterWave; n=1864 Intenders

As both the Apple iPhone 3GS and Palm Pre were released within the same two-week period in June, insights can be drawn as to what balance of brand associations most strongly appealed to consumers. While iPhone 3GS intenders highly associated the smartphone with being hip/cool at 62%, Palm Pre intenders more heavily correlated their smartphone to being smart (53%). Intriguingly, it was not just one sentiment that had the potential to significantly drive increased buzz and market share—it was the manner in which the three key feelings were positioned with the brand’s overall image.

Palm treated the Pre as an entity of its own.

In December, Palm was languishing as an irrelevant smartphone player, but it has now rejuvenated its standing as having a genuine presence in the market. Palm approached the Pre marketing campaign as a combination of smart, productive and cool brand associations. While the online micro-site and advertisements detailed the handset’s multitasking wizardry, impressive caressability and eased messaging experience, the television advertisements focused on the cool, yet transcendental experience the smartphone offers.

In partnering with Sprint, Palm aimed to find a venue where its smartphone would be received and treated as a premiere arrival instead of just a new piece in an existing portfolio. Although high-profile exclusivity is not the only manner in which to grab consumer attention (as BlackBerry has effectively partnered with all carriers), it provided the Pre with enough promotional backing to capture the critical

and the public's mindshare. Even though the Pre has not sold millions, its significant role in jumpstarting Palm's revival has put the brand in a place to expand to different carriers—and increase its market share by developing similar handsets. Palm delivers a prime example for other vendors on how to market and position a phone to not just match the iPhone, but to establish a unique place for the handset to flourish on its own merits.