

October 2007: Portable Lifestyle Trends

Overview

Report Highlights

Cellular Phones

- **Cellular phone pricing creeping up: Pricing for cellular phones increased by 26 percent year-over-year (YOY) in September 2007 compared to the same period last year. The average price for cellular phones is currently \$406** (*pricing is based on unlocked and locked cellular phones and does not include the service contract or any rebates from cellular carriers*)
- 74 percent of shoppers say they purchase a new cellular phone once every two years
- 36 percent of shoppers say that they would purchase a new cellular phone only if they were given a free upgrade. 15 percent of online shoppers would purchase a new cellular phone strictly for its design
- 31 percent of online shoppers have indicated Verizon Wireless as their cellular carrier

MP3 Players

- **MP3 player pricing comes down: Pricing for MP3 players dropped by 9 percent YOY in September 2007, compared to the same period last year. The average price for MP3 players is currently \$169**
- 44 percent of online shoppers say they would choose Apple as their preferred manufacturer when purchasing an MP3 player over manufacturers like SanDisk, Microsoft and Creative
- 71 percent of online shoppers say that memory capacity and price are the most important features to consider when purchasing a MP3 player
- 58 percent of online shoppers say that a cellular phone with an integrated MP3 player feature is valuable to them

What is a Consumer Behavior Report?

The Consumer Behavior Report is designed to give merchants, media and industry analysts insight into shopping trends, pricing and market share. Each month, a different topic will be the focus of the report.

What is the Portable Lifestyle Trends Report?

Portable Lifestyle Trends is the topic of PriceGrabber.com's October Consumer Behavior Report. The cell phone and MP3 player data is collected from a survey of 2,535 online shoppers conducted in October 2007. Additional data is sourced from Market Reporter, a statistical database that tracks consumer shopping behavior on PriceGrabber.com. The *Notes from the Green* section is by Olivia Zaleski, an eco friendly blogger for PriceGrabber.com's ShopGreen section. The focus of the ShopGreen section is to provide over 20,000 products to help consumers live a greener lifestyle. PriceGrabber.com is a major shopping comparison engine, with over 24 million unique users per month and up-to-date daily pricing of products supplied by more than 11,000 merchants.

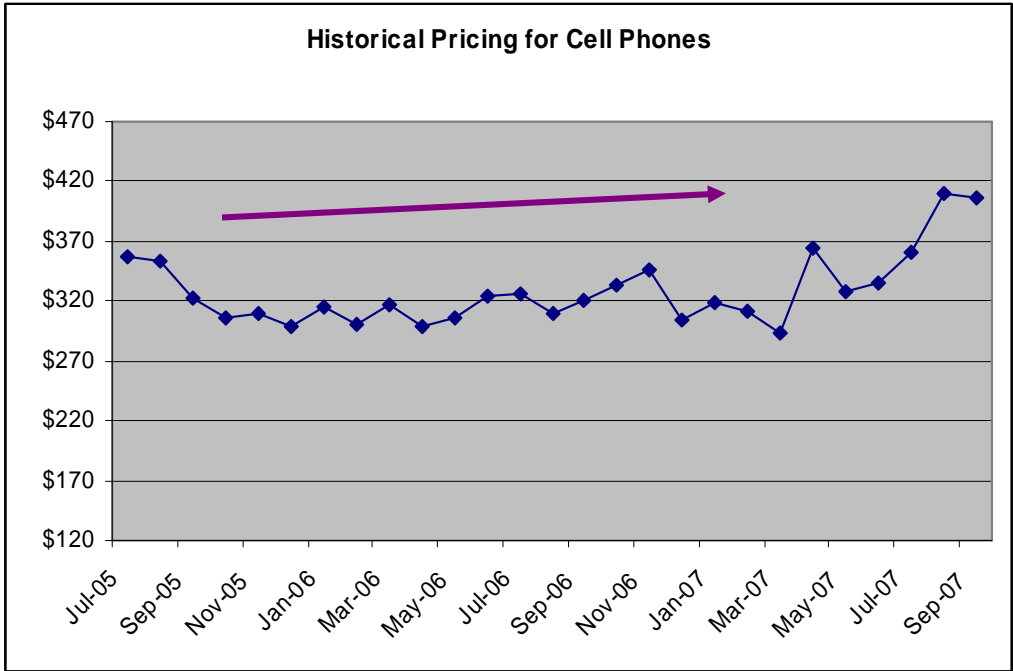
For additional information on the Consumer Behavior Report data, to schedule phone interviews, or for journalists who would like to recommend a custom survey for their needs, please contact Sara Rodriguez at (310) 954.1040 ext 282 or sara@pricegrabber.com.

Portable Lifestyle Trends

Cellular phones and MP3 players continue to be popular products on the minds of consumers. With 74 percent of shoppers saying they purchase a new cellular phone once every two years and 33 percent purchasing a new MP3 player strictly for increased memory capacity, these continually changing products show dynamic trends in the sphere of pricing and market share. Both cellular phones and MP3 players offer portable convenience to consumers, so what happens when the two unite? 58 percent of online shoppers say that a cellular phone with an integrated MP3 player feature is valuable to them.

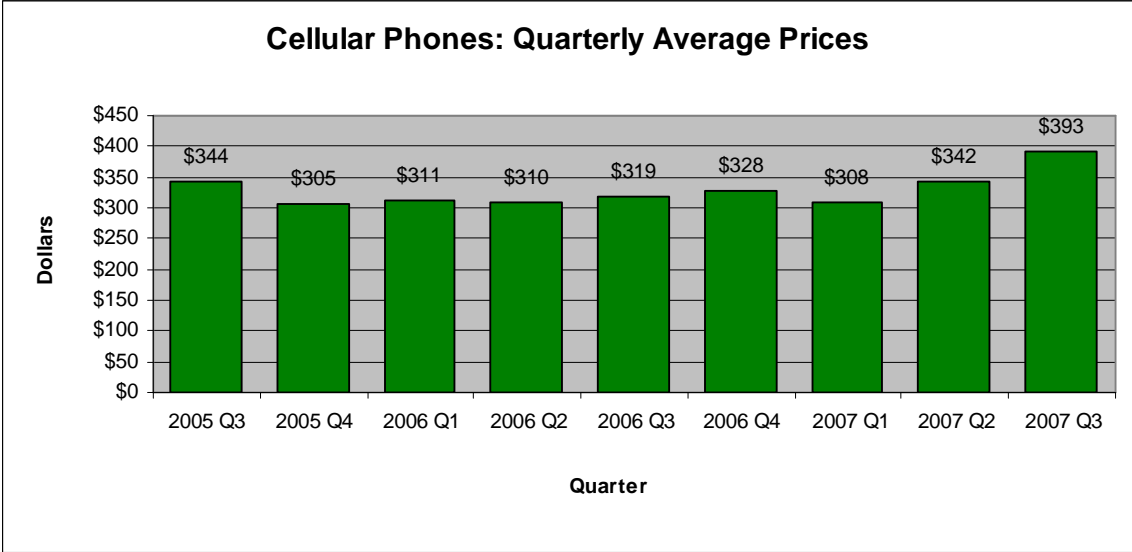
Portable Lifestyle Trends: Cellular Phones

- **Cellular phone pricing is creeping upward.** Pricing for cellular phones increased by 26 percent YOY in September 2007, compared to the same period last year. The average price for cellular phones is currently \$406 (*pricing is based on unlocked and locked cellular phones and does not include the service contract or any rebates from cellular carriers*).
- **When asked the question: “Why would you purchase a new cellular phone?” 36 percent of shoppers answered that they would purchase a new cellular phone only if they were given a free upgrade.** Fifteen percent of online shoppers would purchase a new cellular phone strictly for its appearance – design, color, keyboard or size. Another 31 percent say they would purchase a new cellular phone only if their previous cellular phone was lost, stolen or damaged.
- **The “Historical Pricing for Cell Phones” graph, below, shows a significant increase in pricing in the period between June 2007 and August 2007.** During this period, Apple launched the 4GB iPhone and the 8GB iPhone beginning on June 15 and the launch period extended until July 15. Furthermore, the abrupt dip in September 2007 could be explained by Apple lowering the price of the iPhone on September 5 from \$699 to \$499 and discontinuing the \$499 4GB model.



Source: Market Reporter PriceGrabber.com 2007
*Pricing based on an average monthly price of all cellular phones

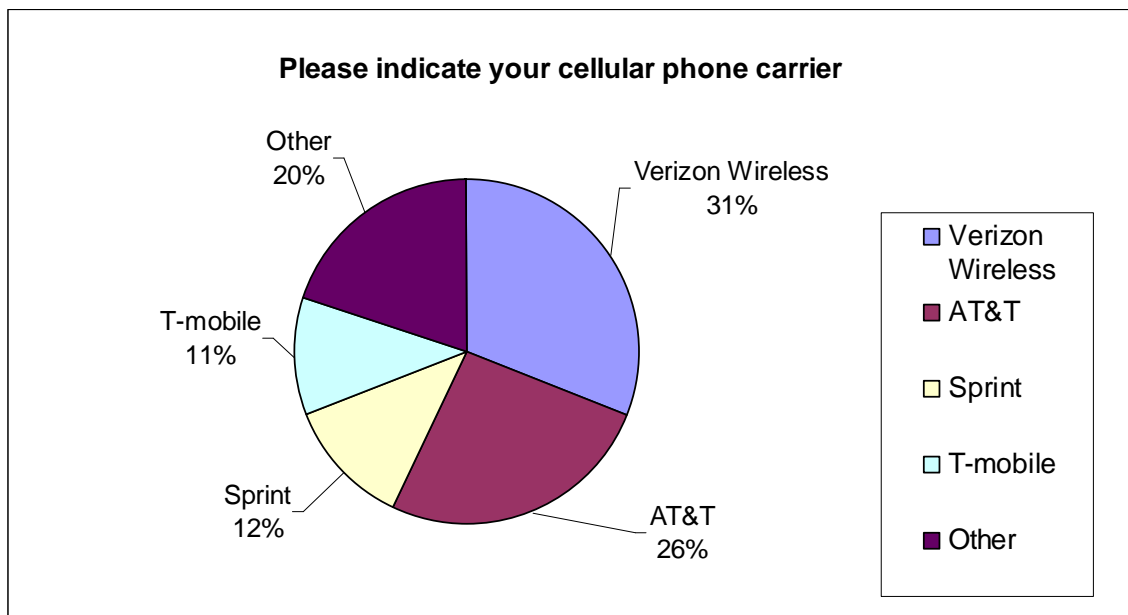
- **Consumers are shopping to find the best price, not the lowest price.** The majority of consumers are purchasing mid-range to high-range cellular phones between \$300 and \$500. The cellular phone average pricing line shows a slight upward trend as popular manufacturers, such as Apple, Nokia and Motorola, continue to add valuable features to cellular phones.
- **For Q3 2007, the average price for cellular phones was \$393, a 23 percent YOY increase from Q3 2006.** Comparing Q3 2007 to average prices at Q3 2005 showed a 14 percent YOY increase. In 2006, the average price for the top cellular phone, W810i Cell Phone by Sony Ericsson, was \$299; this phone currently sells for \$266, which indicates a price reduction of 12 percent from the previous year.



- **Out of the top 20 ranked cellular phones (based on merchant referrals), the majority (50 percent) are mid-price range (\$200-400) cellular phones, with an average price point of \$308.** Forty percent are high-end (\$400-\$700) cellular phones, with an average price point of \$503. Only 10 percent of the top 20 cellular phones fit within the low-price range tier (\$100-200), with an average price point of \$124.

Rank	Most Popular Cell Phones	Manufacturer	Avg Price
1	iPhone 8GB Smartphone	Apple	\$445
2	n95 Cell Phone	Nokia	\$626
3	A1200 Cell Phone	Motorola	\$258
4	N73 Cell Phone	Nokia	\$351
5	KE850 Prada Cell Phone	LG Electronics	\$450
6	P3450 Touch Smartphone	HTC	\$466
7	P1i Cell Phone	Sony Ericsson	\$468
8	iPaq hw6920 PDA Phone	Hewlett Packard	\$307
9	iPaq hw6925 PDA	Hewlett Packard	\$350
10	D900i Cell Phone	Samsung	\$236
11	Rokr E6 PDA Phone	Motorola	\$311
12	Blackberry 7105t PDA Phone	RIM	\$100
13	S500i Cell Phone	Sony Ericsson	\$295
14	N76 Cell Phone - Black	Nokia	\$412
15	Treo 650 Smartphone - Cingular	Palm	\$304
16	iPaq hw6940 PDA	Hewlett Packard	\$490
17	N80 Cell Phone - Black	Nokia	\$362
18	P990i Smartphone	Sony Ericsson	\$305
19	Razor V3 Cell Phone - Black	Motorola	\$147
20	8600 Luna Cell Phone	Nokia	\$670

- **In a recent survey, 32 percent of online shoppers indicated Verizon Wireless as their cellular carrier** and more than 25 percent indicated AT&T, formerly Cingular, as their cellular carrier.
- **Based on survey results, there is a correlation between popular phones and cellular services.** The iPhone is the most popular cellular phone and AT&T, sole carrier of iPhone, is the second most popular cellular service. Similarly, shoppers surveyed say Verizon Wireless is the most popular cellular service and it carries 13 of the top 20 cellular phones.

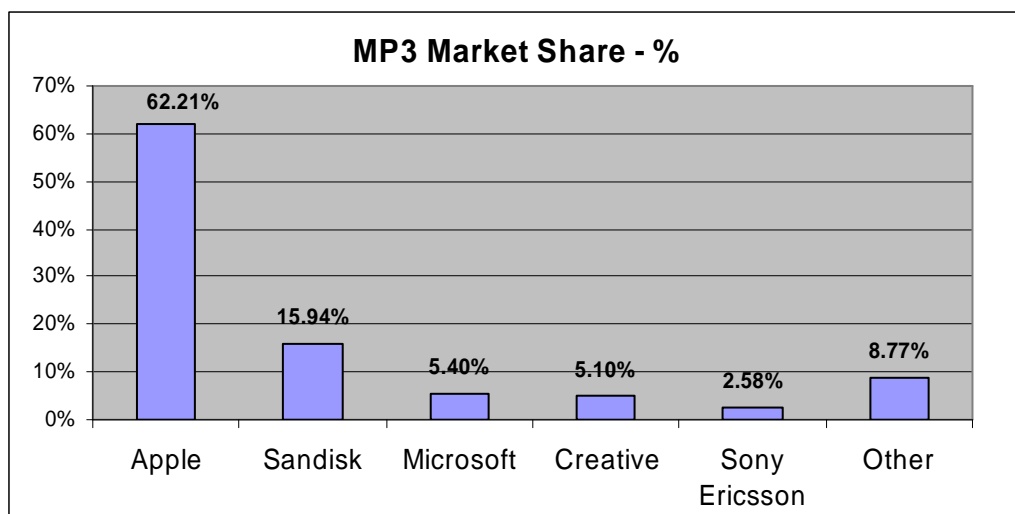


- **On PriceGrabber.com, Nokia continues to be the dominant leader of cellular phone manufacturers, holding 29 percent of the market (based on referred dollars).** Apple holds 27 percent of the market, and Motorola holds 12 percent of the market.

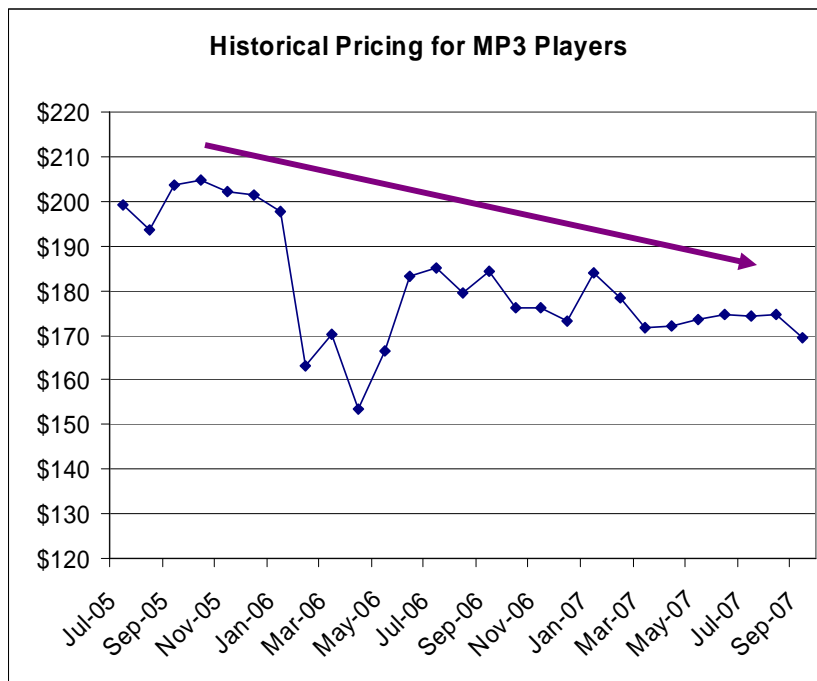
Rank	Cell Phone Manufacturer	% Share	Service Carriers
1	Nokia	28.87%	All 4 Carriers
2	Apple	26.78%	AT&T
3	Motorola	11.55%	All 4 Carriers
4	Sony Ericsson	10.05%	AT&T, T-Mobile
5	LG Electronics	6.27%	Verizon, AT&T, Sprint
6	Samsung	5.26%	All 4 Carriers
7	HTC	4.47%	Sprint
8	HP (Hewlett Packard)	3.00%	AT&T
9	Palm	1.66%	Verizon, AT&T, Sprint
10	RIM	1.01%	Nextel

Portable Lifestyle Trends: MP3 Players

- **MP3 player pricing is trending downward.** Pricing for MP3 players dropped by 9 percent YOY in September 2007, compared to the same period last year. The average price for MP3 players is currently \$169.
- **Apple iPod is the dominant leader for MP3 players, holding 62 percent market share based on referred dollars.** The remaining 38 percent consists of more than 12 major manufacturers including SanDisk, Creative and Microsoft. Apple held 61 percent market share in 2006, and 47 percent in 2005.
- **44 percent of survey respondents chose Apple as their preferred MP3 player manufacturer.** Apple iPod – nano, shuffle, classic, touch – surpasses its competitors by offering a range of options in design, color, size and memory capacity.



- For Q3 2007, the average price for MP3 players was \$174, a 5 percent YOY decrease from Q3 2006.** Comparing Q3 2007 to Q3 2005, average prices show a 14 percent decrease. In 2006, the average price for the top MP3 player, iPod Video 5th Generation 30GB Media Player, was \$240; this MP3 player currently sells for \$196, which indicates a decrease of 22 percent from the previous year.

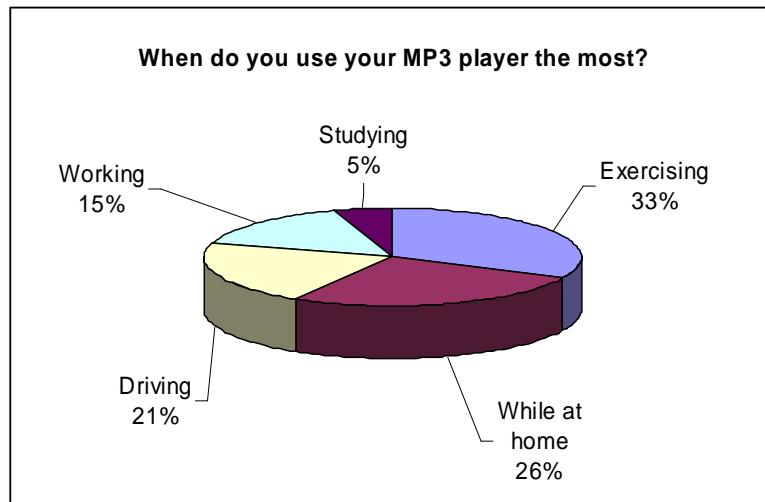


Source: Market Reporter PriceGrabber.com 2007
*Pricing based on an average monthly price of all MP3 players

- Out of the top 15 ranked MP3 players (based on merchant referrals), the majority (47 percent) are mid price range (\$100-200) MP3 players, with an average price point of \$165.** Thirty-three percent are high-end (\$200-350) MP3 players with an average price of \$247. Only 20 percent of the top 15 MP3 players fit in the lower-price range tier (under \$100), with an average price of \$74.

Rank	Most Popular MP3 Players	Manufacturer	Avg Price	Memory
1	iPod Video Enhanced 5th Generation 80GB Media Player	Apple	\$232	80GB
2	Sansa e260 4GB MP3 Player - Black	SanDisk	\$97	4GB
3	iPod nano 2nd Generation 2GB MP3 Player - Silver	Apple	\$106	2GB
4	iPod nano 3rd Generation 4GB MP3 Player - Silver	Apple	\$148	4GB
5	iPod Video Enhanced 5th Generation 30GB Media Player	Apple	\$203	30GB
6	Zen Stone 1GB MP3 Player - Black	Creative	\$38	1GB
7	iPod classic 80GB MP3 Player - Black	Apple	\$248	80GB
8	Sansa e250 2GB MP3 Player - Black	SanDisk	\$86	2GB
9	Zune 30GB Media Player - White	Creative	\$172	30GB
10	Zune 30GB Media Player - Black	Creative	\$191	30GB
11	iPod classic 160GB MP3 Player - Black	Apple	\$348	160GB
12	iPod nano 2nd Generation 8GB MP3 Player - Black	Apple	\$206	8GB
13	iPod nano 3rd Generation 8GB MP3 Player - Blue	Apple	\$197	8GB
14	Sansa e280 8GB MP3 Player - Black w/ microSD slot	SanDisk	\$143	8GB
15	iPod nano 3rd Generation 8GB MP3 Player - Black	Apple	\$199	8GB

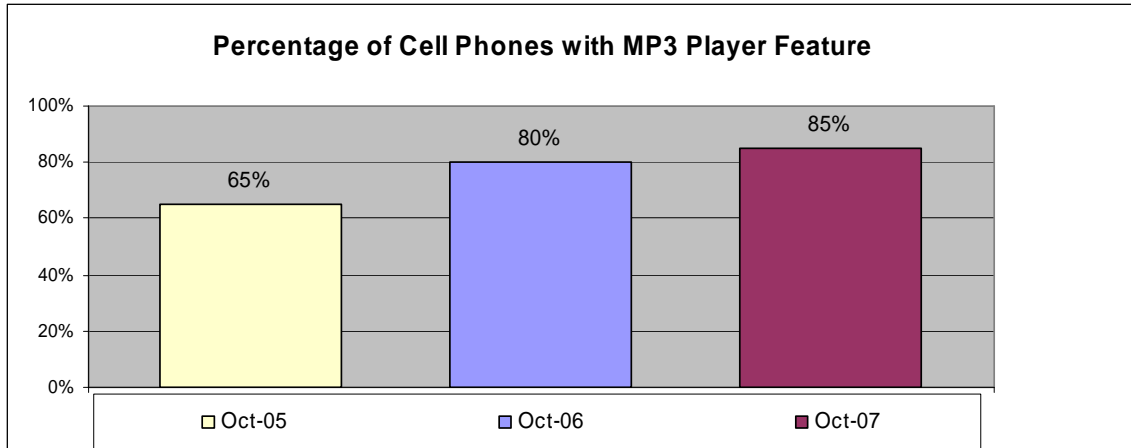
- **According to surveyed shoppers, the top two uses for the MP3 player are while exercising and while at home.** Thirty-three percent of online shoppers use their MP3 players primarily when exercising. Another 26 percent of say they use their MP3 players while at home.



- **Thirty-nine percent of survey respondents say that memory capacity is the most important feature to consider when purchasing an MP3 player.** Another 32 percent of shoppers say that price is the most important aspect to consider – which makes price the second most important feature overall.
- **When asked the question: “Why would you purchase a new MP3 player?” 33 percent of those answered that they would purchase a new MP3 player for increased memory capacity.** Another 32 percent say they would purchase a new MP3 player if their previous MP3 player was lost, stolen or damaged.

Cell Phones & MP3 players: Two in One

- **58 percent of online shoppers say that a cellular phone with an integrated MP3 player feature is valuable to them.** Overall, 54 percent of cellular phones sold on PriceGrabber.com have the integrated MP3 player feature. Within the top 20 ranked cellular phones, 85 percent have the integrated MP3 player feature, which is a 31 percent increase YOY in September 2007 compared to the same period in 2005.



Source: Market Reporter PriceGrabber.com 2007

* Based on Top 20 ranked cellular phones list pulled on October 15th of each year (2005-2007)

- **According to the eMarketer Report, “Mobile Music: A New Marketing Challenge”, “The mobile music market is maturing.”** Mobile music is music that is downloaded by cellular phones and played by cellular phones. A 63 percent increase in mobile music revenues YOY in 2006, compared to 2007, supports the trend that the top cellular phones purchased include an integrated MP3 player feature.
- **45 percent of the top cellular phones have at least 60MB of memory capacity, to support the music downloaded onto the integrated MP3 player.**

Rank	Most Popular Cell Phones	MP3 Player	Avg Price	Memory
1	iPhone 8GB Smartphone	✓	\$445	8GB
2	n95 Cell Phone	✓	\$626	160MB
3	A1200 Cell Phone	✓	\$258	8MB
4	N73 Cell Phone	✓	\$351	42MB
5	KE850 Prada Cell Phone	✓	\$450	8MB
6	P3450 Touch Smartphone	✓	\$466	192MB
7	P1i Cell Phone	✓	\$468	160MB
8	iPaq hw6920 PDA Phone	✓	\$307	192MB
9	iPaq hw6925 PDA		\$350	192MB
10	D900i Cell Phone	✓	\$236	60MB
11	Rokr E6 PDA Phone	✓	\$311	8MB
12	Blackberry 7105t PDA Phone		\$100	32MB
13	S500i Cell Phone		\$295	32MB
14	N76 Cell Phone - Black	✓	\$412	26MB
15	Treo 650 Smartphone - Cingular	✓	\$304	23MB
16	iPaq hw6940 PDA	✓	\$490	45MB
17	N80 Cell Phone - Black	✓	\$362	40MB
18	P990i Smartphone	✓	\$305	60MB
19	Razor V3 Cell Phone - Black	✓	\$147	5.5MB
20	8600 Luna Cell Phone	✓	\$670	128MB

Notes from the Green: Recycle Your Cell Phone

When purchasing a new cell phone, make sure you recycle your old one. According to the Rechargeable Battery Corporation, the average American has a total of three or more dead cell phones in their possession and uses at least six wireless products on a daily basis. Upon replacing our products we either hoard old cell phones in an overstuffed desk drawer or throw them out. On average, 130 million cell phones are retired annually in the U.S. alone—only 1 percent is recycled.

Most cell phones contain enough lead to qualify as hazardous waste under federal regulations. And even lead-free phones are considered hazardous under California regulations because of the high amounts of copper, nickel, antimony and zinc that leach into landfills.

Keep the environment in mind by recycling our old phone. The Rechargeable Battery Corporation will take back your cell phone and portable appliance batteries at any of the following drop off points:

United States

- ALLTEL
- Batteries Plus
- Best Buy
- Black & Decker
- Cingular Wireless
- Circuit City
- The Home Depot
- Lowe's
- Milwaukee Electric Tool
- Office Depot
- Porter-Cable Service Centers
- RadioShack
- Remington Product Company
- Sears/Orchard Supply Hardware
- Staples
- Target
- US Cellular
- Verizon Wireless

Canada

- Batteries Experts
- Battery Plus
- Bell World
- Canadian Tire
- FIDO
- Future Shop
- The Home Depot
- Home Hardware
- London Drugs
- Makita Factory Service Centers
- Personal Edge/Centre du Rasoir
- Sears
- The Sony Store
- The Source by Circuit City
- Staples
- Telus Mobility
- Zellers

Visit their site [Call2Recycle](#) for your [nearest drop point](#).

Disclaimer

The information, data trends and analysis in this report were prepared by PriceGrabber.com. Secondary data included in this report is sourced by results from the Eco Friendly Survey and Market Reporter. The survey was conducted from October 5, 2007 to October 22, 2007, with 2,535 respondents. The *Notes from the Green* was compiled by Olivia Zaleski, expert green consultant and PriceGrabber.com blogger. The confidence interval for all results is 95% with a margin error of approximately +/-3 percentage points for the entire sample.

This report may not be reproduced, distributed or published by any person for any purpose without PriceGrabber.com's prior written consent. Please cite source when quoting.

Source: PriceGrabber.com

Supporting data and information is available upon request.