

## The iPhone and Verizon – a partnership that could alter the smart phone market

### Overview

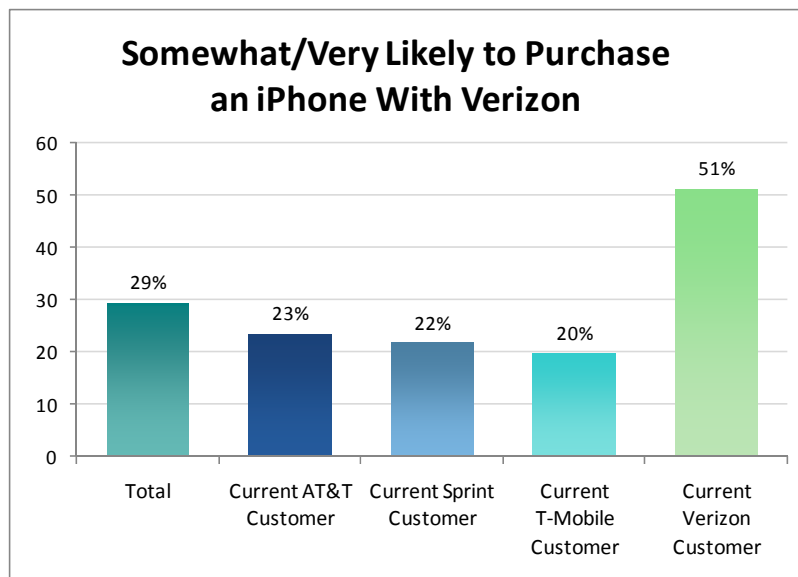
As successful as the Apple iPhone has been, many mobile consumers who have been attracted to an iPhone have not switched to the AT&T network simply based on the popularity of Apple's smart phone. In addition, a sizeable percentage of AT&T's iPhone customers are known to have become dissatisfied with its carrier's service and/or data plans, including network coverage, dropped calls and other issues.

Rumors abound that the iPhone may indeed be heading to Verizon or a different network although these rumors are not new. It has been often debated as a possibility since the first iPhone was released.

*These Morpace Omnibus findings show that to market a successful mobile phone, the handset, mobile carrier, and data plan offering must all come together to satisfy the consumer.*

### Results

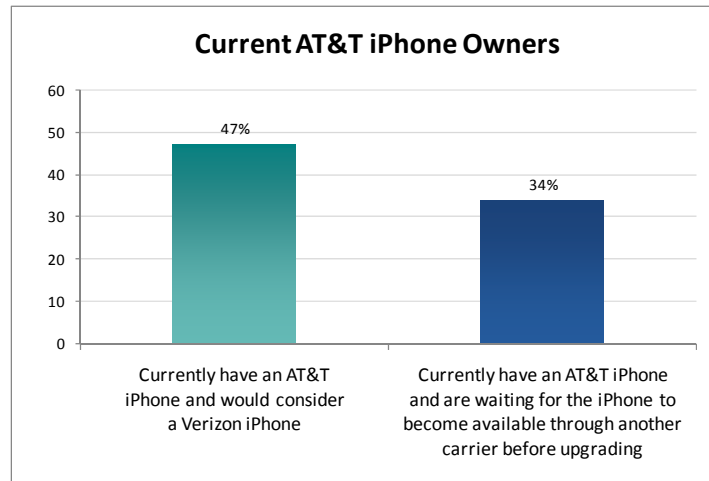
Based on a recent Morpace Omnibus study, it is clear that if the iPhone does become available on the Verizon network, it will impact the phone and carrier intentions of many consumers. The study found that nearly a third of consumers are very likely or somewhat likely to purchase an iPhone if it is made available to Verizon.



# Morpace Omnibus Report

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The survey reveals that Verizon iPhone intenders come primarily from current Verizon customers. However, intenders are also drawn from current AT&T customers as well as from other carriers. Current AT&T iPhone customers are also interested in a Verizon iPhone.



Recent rumors of the iPhone availability on Verizon or another carrier may also be impacting the number of upgrades seen for the iPhone 4. Nearly all 34 percent of AT&T iPhone owners who have not yet upgraded to the iPhone 4 say they are waiting for the iPhone to become available through another mobile carrier before upgrading.

## Conclusions

- The impact on other Verizon smart phones that have not previously had to compete directly with the iPhone may be significant if Verizon begins to carry the iPhone. It could drastically impact the purchase of other phones.
- There may be concerns over how the Verizon network will handle the bandwidth demands of iPhone users.
- The shake-up of unlimited vs. tiered data plans will continue and become a key element of customer choice. The mobile networks will need to carefully develop their business strategies.
- The impact of Android phones, a current favorite among Verizon customers, has yet to be determined and could be the key to understanding future market share if Verizon and Apple develop an agreement.

Morpace understands how consumer preferences for handsets, mobile carriers, and data plans come together to affect the success of new products and services in the complex mobile market. With our guidance, companies can develop a “go to market” strategy that is supported by existing consumer trends and changing consumer perceptions.

In the case of Apple’s iPhone and Verizon, mobile carriers need to recognize what they need to do now if and when a partnership is formed.

For further insights or to explore research opportunities to fill additional needs in the marketplace with innovative products, contact Jay Heyboer, Morpace Vice President, Technology at 248.737.3222 or [jheyboer@morpace.com](mailto:jheyboer@morpace.com).

*Total of 1,000 consumers were surveyed July 15-20 as part of the Morpace Omnibus.*