

ChangeWave Survey of New Smart Phone Owners

Heavyweight Slugfest – Apple iPhone 3GS vs. the Palm Pre

Paul Carton and Jean Crumrine

Overview: Two weeks after the much-anticipated June release of the Palm Pre, Apple unleashed its own worldwide blast of publicity with the launch of the iPhone 3GS.

Enough time has passed for early buyers to have acclimated themselves to the new smart phone models, so between August 4th and 11th ChangeWave conducted a survey of new owners to compare and contrast their impressions – including which smart phone features they like best and dislike the most.

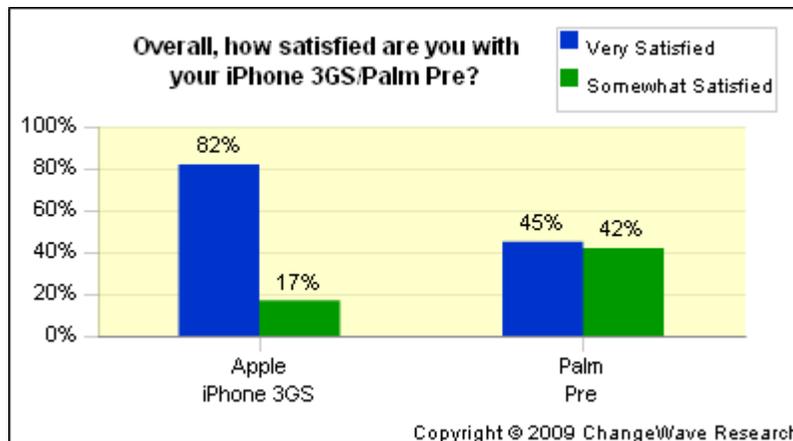
A total of 198 Apple iPhone 3GS owners and 38 Palm Pre owners participated in this survey.

Heavyweight Match-up: Apple iPhone 3GS vs. the Palm Pre

First, we looked at overall customer satisfaction for the two models and how well each has lived up to or fallen short of user expectations.

Customer Satisfaction

Apple iPhone 3GS. Simply put, the initial satisfaction numbers for the iPhone 3GS are the most extraordinary we've seen for a smart phone, with 82% of new owners saying they're *Very Satisfied* and 17% *Somewhat Satisfied* – for a combined near-perfect satisfaction rating.

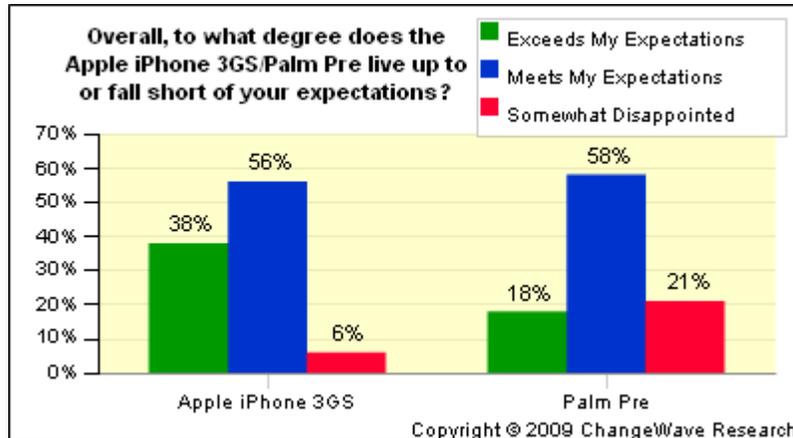


Palm Pre. While the initial Palm Pre numbers are not as high, the new model's satisfaction rating is exceptional for a new product release. Nearly half (45%) of Palm Pre owners report they are *Very Satisfied* with their new smart phone and another 42% say they're *Somewhat Satisfied* – for a combined 87% Satisfaction Rating.

To put this in context, BlackBerry manufacturer Research In Motion and Apple are the only other smart phone manufacturers to attain such high *Very Satisfied* levels – and in this case Palm is accomplishing it with a brand new product release, a very significant achievement.

Meeting Owner Expectations

Apple iPhone 3GS. In another example of the widespread approval among early 3GS buyers, nearly two-in-five (38%) report the new iPhone *Exceeds* their expectations and another 56% say it *Meets* their expectations.



Palm Pre. While less robust than the 3GS, once again the Palm Pre results are quite positive – with 18% of Pre owners saying their new phone *Exceeds* expectations and another 58% reporting it *Meets* expectations.

Other Match-Ups

In further upbeat findings for both models, the vast majority of Palm Pre (92%) and Apple iPhone 3GS (90%) owners report the initial activation process was *Very* or *Somewhat Easy*.

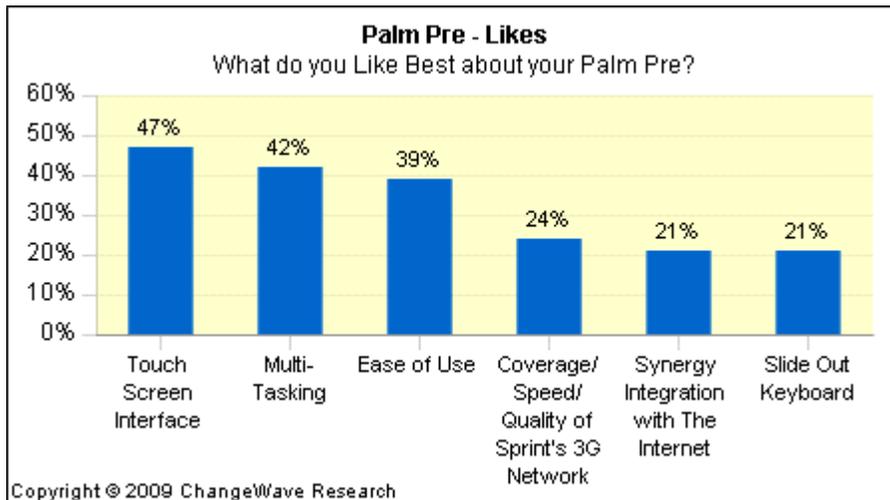
There is also a relatively similar exchange rate for the two devices – 11% of Palm Pre owners report they've had to exchange their phone due to problems with the device, only a few points higher than the 7% of iPhone 3GS owners who say they've had to exchange their device.

Nearly three-in-five (56%) current Palm Pre owners also say they are *Very* or *Somewhat Likely* to purchase the Palm Pre for someone else in the future – a classic sign of strong customer satisfaction. A similar 57% of iPhone 3GS owners say the same thing – that they're *Very* or *Somewhat Likely* to buy a new 3GS for someone else in the future

But just what is it about these two smart phones that leave their owners so highly satisfied? To find out, we queried users on the features they like and dislike most. Here's what they told us:

A Closer Look at the Palm Pre

Palm Pre Likes



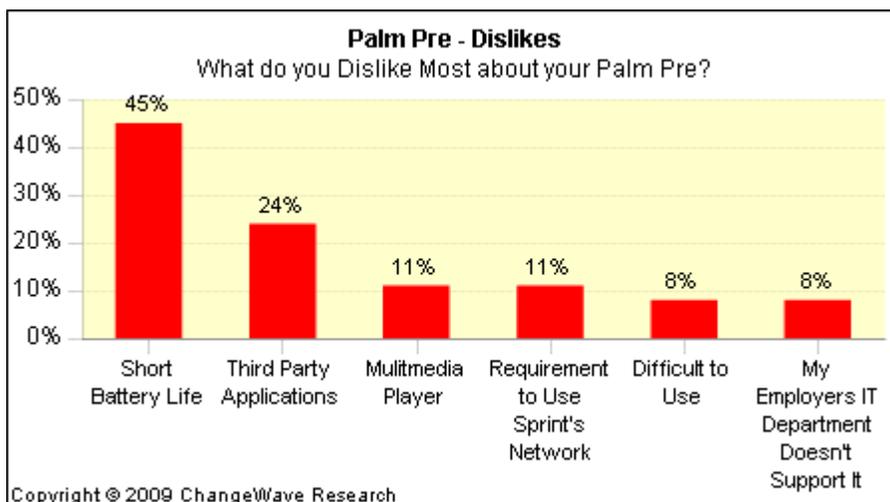
The Pre's *Touch Screen Interface* (47%), *Multi-Tasking* (42%) and *Ease of Use* (39%) rank as the top three things that owners like best about their new phone.

In addition, one-in-four (24%) say the *Coverage/Speed/Quality of Sprint's 3G Network* is the feature they like best – a finding that bodes well for Palm's exclusivity agreement with Sprint.

Respondent HID14569 summarizes his perspective on the Pre as follows: "I have a significant investment in Palm apps - calculators, email, organizer, etc. Moving to BlackBerry was unsatisfactory. Treo 650 was great, but multitasking is worth switching to Sprint."

We note that among Palm Pre buyers who previously owned other smart phones, *WebOS User Interface* (28%) and *Multi-Tasking* (17%) were their top reasons cited for switching.

Palm Pre Dislikes



By a wide margin, *Short Battery Life* (45%) is the thing owners dislike most about their Palm Pre. A second big issue is its weakness regarding *Third Party Applications* – with 24% saying they're unhappy with them. According to DWI02308, the "Shortage of apps is a killer."

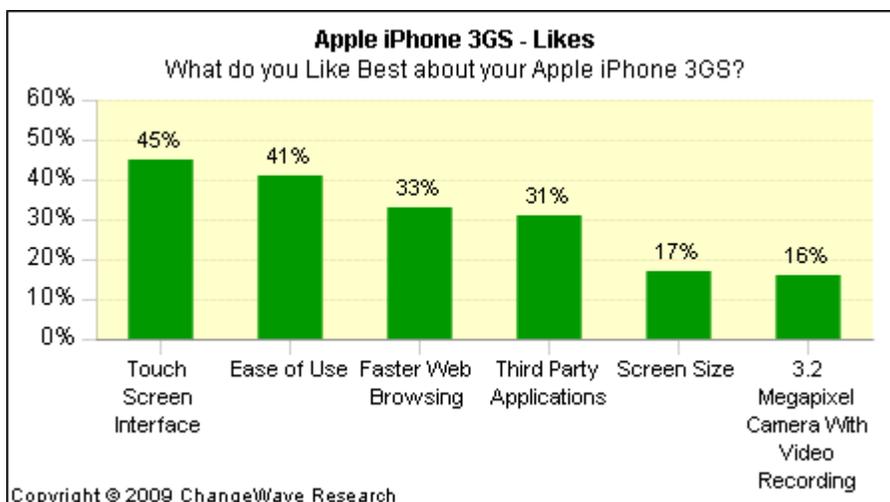
But in an important finding for Palm, a relatively small percentage of Pre owners say that the company's exclusivity agreement with Sprint is one of their top dislikes – only 11% report they're unhappy with the *Requirement to use Sprint's Network* and just 3% say they dislike the *Coverage/Speed/ Quality of Sprint's 3G Network*.

Which Companies are Losing Out Most Because of the Pre?

In terms of which manufacturers are losing out most because of the Palm Pre, 16% of new owners report they previously owned an HTC phone and 13% say they owned a Samsung. As expected, the largest percentage of new owners (18%) say they previously owned another Palm model such as a Treo or a Centro.

A Closer Look at the Apple iPhone 3GS

Apple iPhone 3GS Likes



Similar to what we found with the Pre, the iPhone 3GS's *Touch Screen Interface* (45%) and *Ease of Use* (41%) rank as the top things owners like best about their new phones – followed by *Faster Web Browsing* (33%) and *Third Party Applications* (31%).

Respondent GRE5573 sums it up for the iPhone 3GS as follows: "Of all the gadgets I've used in the last 10 years, it's the only one that makes me feel like the future has arrived, by elegantly integrating so many devices in one."

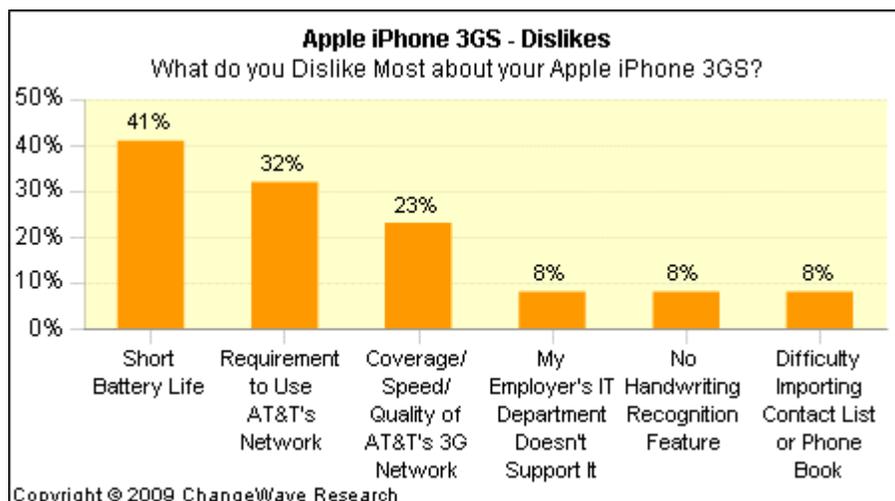
"The GPS works seamlessly with its maps application, the iPod can keep me entertained for days with music and video, the improved camera adds a slick video recording feature, the app store lets me do almost anything I need to with the phone – I could go on and on..."

"The reason the iPhone is so popular is because it can easily become whatever it needs to be to make it an integral part of a person's life ... even if you have to use AT&T's less-than-stellar network."

We note that among 3GS buyers who previously owned a non-Apple smart phone, *Superior Web Browsing* (23%) and *More Third Party Applications* (18%) rank as top reasons why they chose to switch manufacturers. And among those who already owned an Apple iPhone in the first place, more than half (57%) said *Faster Speed and Performance* was the primary reason why they chose to purchase the new 3GS.

Apple iPhone 3GS Dislikes

Short Battery Life (41%) ranks as the number one dislike for iPhone 3GS owners.



But by far the most significant pitfall for new Apple 3GS owners rests with AT&T. One-in-three (32%) say they don't like the *Requirement to Use AT&T's Network* and another 23% say they dislike the *Coverage/Speed/Quality of AT&T's 3G Network*.

As Respondent GRE5573 puts it, "The iPhone 3GS really taxes the battery if you use the 3G network a lot – you have to charge it every day. AT&T's network still drops a lot of calls, and the 3G coverage and speed is nothing to write home about."

Which Companies are Losing Out Most Because of the iPhone 3GS?

While Apple continues to draw heavily from its loyal fan base – two-in-five iPhone 3GS buyers (41%) were existing iPhone customers before purchasing the 3GS – the new iPhone is also attracting customers away from its competitors, with 18% of new owners reporting they previously owned a Motorola phone and 11% a Nokia.

Bottom Line

Apple iPhone 3GS: The customer satisfaction results for the new Apple iPhone 3GS surpass that of any previous smart phone model we've measured in our ChangeWave consumer surveys for the past eight years. The results strongly suggest Apple will continue to expand upon its extraordinary momentum in the consumer smart phone marketplace.

On the downside, there are no indications that Apple's AT&T problem is going away. On the contrary, the better customers feel about their iPhones the worse they feel about AT&T – with nearly one-in-two 3GS owners citing AT&T-related issues as their biggest dislike. These survey results suggest Apple will be forced to deal with the issue sooner than many analysts expect.

Palm Pre: The good news for Palm in the survey results is its new Pre model has outperformed mightily in terms of customer satisfaction – thereby entering the pantheon of the smart phone industry previously inhabited only by its top two manufacturers, Apple and Research In Motion.

With billions of potential customers, the smart phone market is big enough to support all three players several times over. But above and beyond the Pre's strong performance ratings, Palm itself will have to continue to outperform to remain competitive in this race.

The Sunnyvale, California manufacturer is up against two highly capitalized industry giants along with a slew of lesser competitors, and it will take world class marketing and a huge advertising budget for Palm to compete successfully in the high end smart phone market over the long term. Regardless, they're off to a great start.

Summary of Key Findings

<p>Heavyweight Battle – Apple iPhone 3GS vs. the Palm Pre</p> <p>Customer Satisfaction:</p> <p>Extraordinary Ratings for Apple iPhone 3GS</p> <ul style="list-style-type: none"> • 82% of new owners report they are <i>Very Satisfied</i> • 17% <i>Somewhat Satisfied</i> <p>Palm Pre Ratings Aren't as High – But Still Exceptional For a New Release</p> <ul style="list-style-type: none"> • 45% of new owners report they are <i>Very Satisfied</i> • 42% <i>Somewhat Satisfied</i> <p>Both Phones Meet or Exceed Buyers' Expectations</p> <ul style="list-style-type: none"> • 38% of iPhone 3GS buyers say it <i>Exceeds Expectations</i>; 56% say <i>Meets Expectations</i> • 18% of Palm Pre buyers say Pre <i>Exceeds Expectations</i>; 58% say <i>Meets Expectations</i> <p>Similar Exchange Rates</p> <ul style="list-style-type: none"> • 3GS: 7% made an exchange due to problems • Pre: 11% made an exchange due to problems 	<p>A Closer Look at the Palm Pre</p> <p>Top Palm Pre Likes</p> <ul style="list-style-type: none"> • Touch Screen Interface(47%) • Multi-Tasking (42%) • Ease of Use (39%) • Coverage/Speed/Quality of Sprint's 3G (24%) <p>Top Palm Pre Dislikes</p> <ul style="list-style-type: none"> • Short Battery Life (45%) • Third Party Apps (24%) • Multimedia Player (11%) • Relatively small percentage (11%) dislike <i>Requirement to use Sprint Network</i> and only 3% dislike <i>Coverage/Speed/Quality of Network</i> <p>Which Companies Losing Out Most to Palm Pre?</p> <ul style="list-style-type: none"> • HTC (16%) • Samsung (13%) • But largest percentage of new Pre owners previously owned other Palm model (18%) 	<p>A Closer Look at the Apple iPhone 3GS</p> <p>Top iPhone 3GS Likes</p> <ul style="list-style-type: none"> • Touch Screen Interface(45%) • Ease of Use (41%) • Faster Web Browsing (33%) • Third Party Apps (31%) <p>Top iPhone 3GS Dislikes</p> <ul style="list-style-type: none"> • Short Battery Life (41%) • Most significant pitfall by far rests with AT&T – 32% of 3GS owners say they dislike <i>Requirement to Use AT&T Network</i>; 23% dislike AT&T's <i>Coverage/Speed/Quality</i> <p>Which Companies Losing Out Most to iPhone 3GS?</p> <ul style="list-style-type: none"> • Motorola (18%) • Nokia (11%) • Largest percentage of new 3GS owners previously owned other iPhone (41%) <p>Reasons for Switching to iPhone 3GS</p> <ul style="list-style-type: none"> • Superior Web Browsing(23%) • More Third Party Apps (18%) • Among previous iPhone users, 57% cited <i>Faster Speed and Performance</i> as reason for switching
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The ChangeWave Alliance is a group of more than 20,000 highly qualified business, technology, and medical professionals – as well as early adopter consumers – who work in leading companies of select industries. They are credentialed professionals who spend their everyday lives on the frontline of technological change. ChangeWave surveys its Network members weekly on a range of business and consumer topics, and converts the information into a series of proprietary quantitative and qualitative reports.

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The Findings

Overview: Two weeks after the much-anticipated June release of the Palm Pre, Apple unleashed its own worldwide blast of publicity with the launch of the iPhone 3GS.

Enough time has passed for early buyers to have acclimated themselves to the new smart phone models, so between August 4th and 11th ChangeWave conducted a survey of new owners to compare and contrast their impressions – including which smart phone features they like best and dislike the most.

A total of 198 Apple iPhone 3GS owners and 38 Palm Pre owners participated in this survey.

(A) Heavyweight Match-up: Apple iPhone 3GS vs. the Palm Pre

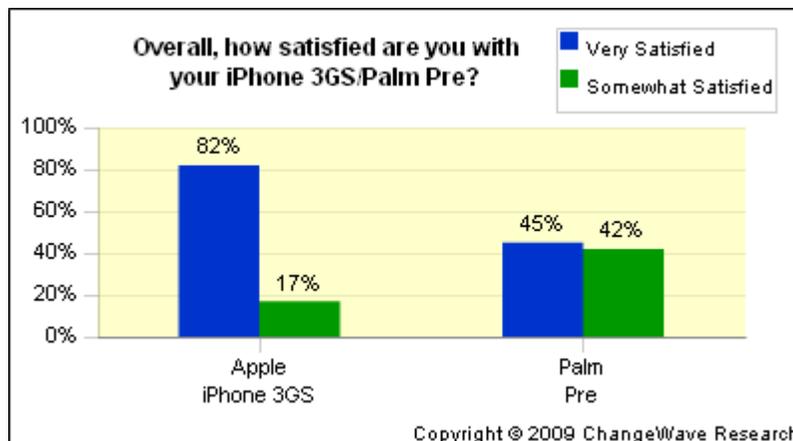
First, we looked at overall customer satisfaction for the two models and how well each has lived up to or fallen short of user expectations.

Customer Satisfaction

Overall, how satisfied are you with your Palm Pre/ iPhone 3GS?

	Palm Pre Owners	Apple iPhone 3GS Owners
Very Satisfied	45%	82%
Somewhat Satisfied	42%	17%
Somewhat Unsatisfied	5%	1%
Very Unsatisfied	3%	1%
Don't Know	5%	1%

Apple iPhone 3GS. Simply put, the initial satisfaction numbers for the iPhone 3GS are the most extraordinary we've seen for a smart phone, with 82% of new owners saying they're *Very Satisfied* and 17% *Somewhat Satisfied* – for a combined near-perfect satisfaction rating.



Palm Pre. While the initial Palm Pre numbers are not as high, the new model's satisfaction rating is exceptional for a new product release. Nearly half (45%) of Palm Pre owners report they are *Very Satisfied* with their new smart phone and another 42% say they're *Somewhat Satisfied* – for a combined 87% Satisfaction Rating.

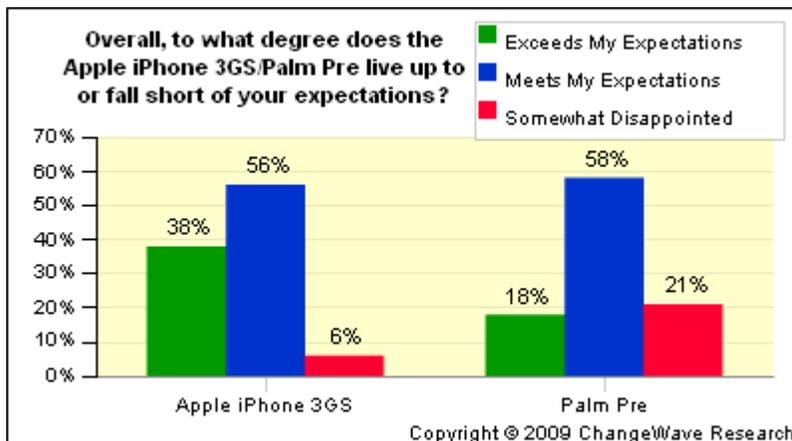
To put this in context, BlackBerry manufacturer Research In Motion and Apple are the only other smart phone manufacturers to attain such high *Very Satisfied* levels – and in this case Palm is accomplishing it with a brand new product release, a very significant achievement.

Meeting Owner Expectations

Overall, to what degree does the Palm Pre/Apple iPhone 3GS live up to or fall short of your expectations?

	Palm Pre Owners	Apple iPhone 3GS Owners
Exceeds My Expectations	18%	38%
Meets My Expectations	58%	56%
Somewhat Disappointed	21%	6%
Very Disappointed	0%	0%
Don't Know	0%	1%

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Palm Pre. While less robust than the 3GS, once again the Palm Pre results are quite positive – with 18% of Pre owners saying their new phone *Exceeds* expectations and another 58% reporting it *Meets* expectations.

Other Match-Ups

When you bought your Palm Pre/iPhone, would you say the activation process was easy or difficult?

	Palm Pre Owners	Apple iPhone 3GS Owners
Very Easy	68%	67%
Somewhat Easy	24%	23%
Somewhat Difficult	5%	7%
Very Difficult	0%	1%
Don't Know	3%	3%

In further upbeat findings for both models, the vast majority of Palm Pre (92%) and Apple iPhone 3GS (90%) owners report the initial activation process was *Very* or *Somewhat Easy*.

Have you had to exchange your Palm Pre/iPhone 3GS for another unit due to a problem with the device?

	Palm Pre Owners	Apple iPhone Owners
Yes	11%	7%
No	89%	93%

There is also a relatively similar exchange rate for the two devices – 11% of Palm Pre owners report they’ve had to exchange their phone due to problems with the device, only a few points higher than the 7% of iPhone 3GS owners who say they’ve had to exchange their device.

How likely is it that you will purchase a Palm Pre/iPhone 3GS for someone else (e.g., a family member) in the future?

	Palm Pre Owners	Apple iPhone 3GS Owners
Very Likely	32%	31%
Somewhat Likely	24%	26%
Unlikely	21%	31%
Don't Know	13%	7%
Not Applicable	11%	5%

Nearly three-in-five (56%) current Palm Pre owners also say they are *Very* or *Somewhat Likely* to purchase the Palm Pre for someone else in the future – a classic sign of strong customer satisfaction. A similar 57% of iPhone 3GS owners say the same thing – that they’re *Very* or *Somewhat Likely* to buy a new 3GS for someone else in the future

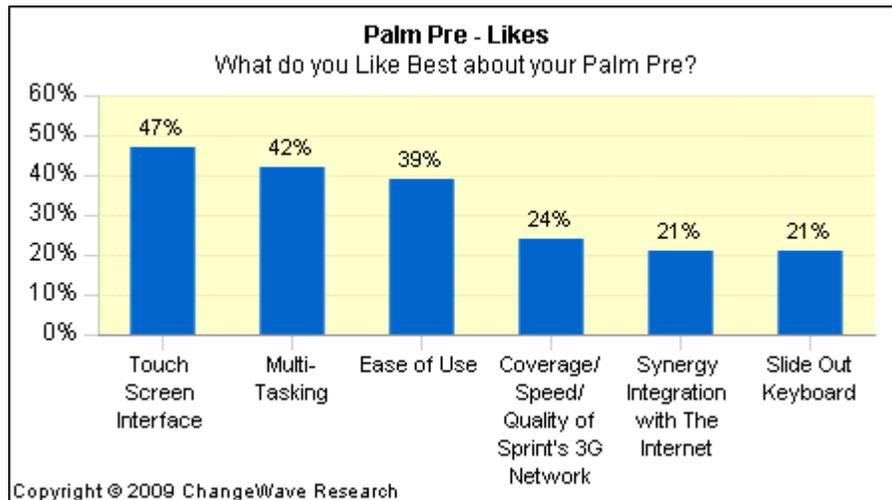
When do you plan on purchasing the Palm Pre/iPhone 3GS for someone else (e.g., a family member)?

	Palm Pre Owners (n=21)	Apple iPhone 3GS Owners (n=113)
Within the Next 30 Days	14%	16%
30-60 Days	5%	8%
60-90 Days	19%	9%
3-6 Months	14%	11%
6-12 Months	24%	17%
12-24 Months	14%	13%
More than 24 Months	0%	4%
Don't Know	10%	23%

But just what is it about these two smart phones that leave their owners so highly satisfied? To find out, we queried users on the features they like and dislike most. Here's what they told us:

(B) A Closer Look at Palm Pre

Palm Pre Likes



The Pre's *Touch Screen Interface* (47%), *Multi-Tasking* (42%) and *Ease of Use* (39%) rank as the top three things that owners like best about their new phone.

In addition, one-in-four (24%) say the *Coverage/Speed/Quality of Sprint's 3G Network* is the feature they like best – a finding that bodes well for Palm's exclusivity agreement with Sprint.

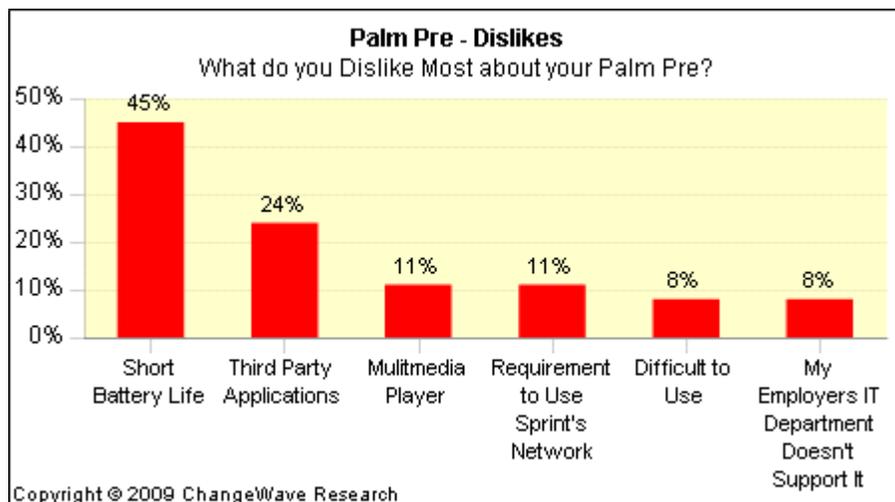
Respondent HID14569 summarizes his perspective on the Pre as follows: "I have a significant investment in Palm apps - calculators, email, organizer, etc. Moving to BlackBerry was unsatisfactory. Treo 650 was great, but multitasking is worth switching to Sprint."

Additional Comments on the Palm Pre's **Top Likes** are in [Appendix A](#).

What do you like best about your Palm Pre? (Choose No More Than Three)

	Palm Pre Owners
Touch Screen Interface	47%
Multi-Tasking	42%
Ease of Use	39%
Coverage/ Speed/ Quality of Sprint's 3G Network	24%
Synergy Integration with The Internet	21%
Slide-Out Keyboard	21%
Screen Size	16%
Screen Resolution	16%
Web Browser	11%
Voice Quality of Calls	11%
Microsoft Exchange Support	5%
3 Megapixel Camera	5%
Battery Life	3%
Multimedia Player	3%
iTunes Integration	3%
Memory/Capacity	0%
Copy and Paste Function	0%
Third Party Applications	0%

Palm Pre Dislikes



By a wide margin, *Short Battery Life* (45%) is the thing owners dislike most about their Palm Pre. A second big issue is its weakness regarding *Third Party Applications* – with 24% saying they're unhappy with them. According to DWI02308, the "Shortage of apps is a killer."

But in an important finding for Palm, a relatively small percentage of Pre owners say that the company's exclusivity agreement with Sprint is one of their top dislikes – only 11% report they're unhappy with the *Requirement to use Sprint's Network* and just 3% say they dislike the *Coverage/Speed/ Quality of Sprint's 3G Network*.

Additional Comments on the Palm Pre's **Top Dislikes** are in [Appendix B](#).

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What do you dislike most about your Palm Pre? (Choose No More Than Three)

	Palm Pre Owners
Short Battery Life	45%
Third Party Applications	24%
Multimedia Player	11%
Requirement to use Sprint's Network	11%
Difficult To Use	8%
My Employer's IT Department Doesn't Support It	8%
Screen Size	5%
Copy and Paste Function	5%
Slide-Out Keyboard	5%
Software Bugs	5%
Memory/Capacity	3%
Coverage/ Speed/ Quality of Sprint's 3G Network	3%
3 Megapixel Camera	3%
Touch Screen Interface	0%
Screen Resolution	0%
Voice Quality of Calls	0%
Web Browser	0%
Web Browsing Experience	0%
Multi-Tasking	0%
iTunes Integration	0%
Other	24%

Features Still Missing

We also asked owners to tell us which features are still missing from their new Palm Pre.

Comments on Palm Pre **Features Still Missing** are in [Appendix C](#).

Which Companies are Losing Out Most Because of the Palm Pre?

Who is the manufacturer of the cell phone you were using before purchasing the Palm Pre?

	Palm Pre Owners
Palm (e.g., Treo, Centro)	18%
HTC (e.g., Touch, Tilt, Dash)	16%
Samsung	13%
Sanyo	11%
Motorola	11%
Research in Motion (e.g., BlackBerry)	11%
Apple (e.g., iPhone)	5%
Nokia	5%
LG	3%
Sony/Ericsson	0%
Don't Know	0%
Other	5%

Manufacturers Losing Out. In terms of which manufacturers are losing out most because of the Palm Pre, 16% of new owners report they previously owned an HTC phone and 13% say they owned a Samsung. As expected, the largest percentage of new owners (18%) say they previously owned another Palm model such as a Treo or a Centro.

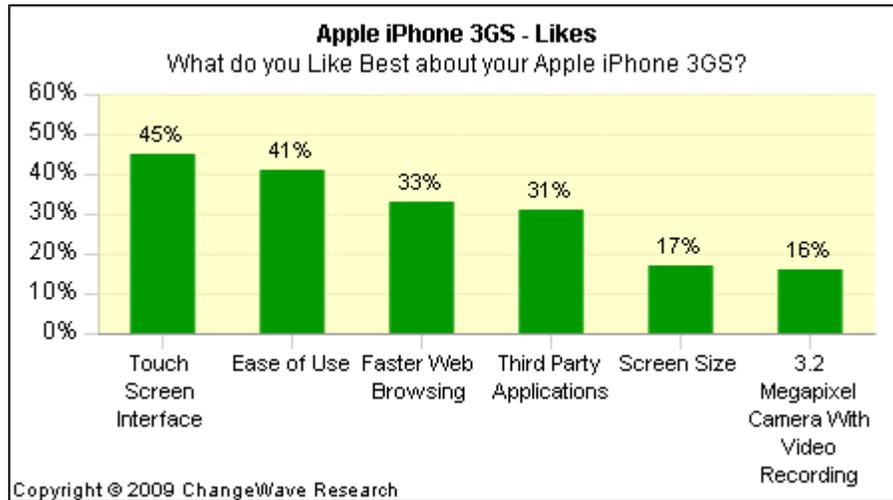
For those who owned a smart phone (e.g., Palm, BlackBerry, iPhone, HTC) before purchasing the Palm Pre, what was the number one reason why you switched to the Pre? (n=29)

	Palm Pre Owners
Attracted to WebOS User Interface	28%
Multi-Tasking	17%
Easier To Use	10%
Faster Speed and Performance	7%
Multimedia Experience	7%
Word of Mouth/ Referred By Friend	7%
More Memory/Capacity	3%
Better Digital Camera	0%
Messaging (Email, Instant Messaging, Twitter) Experience	0%
Don't Know	3%
Other	17%

Reasons for Switching to Palm Pre. We note that among Palm Pre buyers who previously owned other smart phones, *WebOS User Interface* (28%) and *Multi-Tasking* (17%) were their top reasons cited for switching.

(C) A Closer Look at Apple iPhone 3GS

Apple iPhone 3GS Likes



Similar to what we found with the Pre, the iPhone 3GSs' *Touch Screen Interface* (45%) and *Ease of Use* (41%) rank as the top things owners like best about their new phones – followed by *Faster Web Browsing* (33%) and *Third Party Applications* (31%).

Respondent GRE5573 sums it up for the iPhone 3GS as follows:, "Of all the gadgets I've used in the last 10 years, it's the only one that makes me feel like the future has arrived, by elegantly integrating so many devices in one.

"The GPS works seamlessly with its maps application, the iPod can keep me entertained for days with music and video, the improved camera adds a slick video recording feature, the app store lets me do almost anything I need to with the phone – I could go on and on...

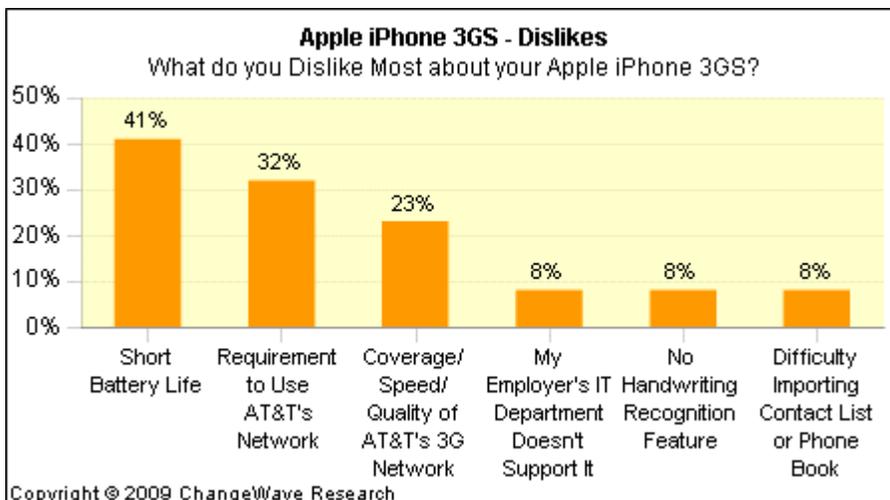
"The reason the iPhone is so popular is because it can easily become whatever it needs to be to make it an integral part of a person's life ... even if you have to use AT&T's less-than-stellar network."

Additional Comments on the iPhone 3GS's **Top Likes** are in [Appendix D](#).

What do you like best about your iPhone 3GS? (Choose No More Than Three)

	Apple iPhone 3GS Owners
Touch Screen Interface	45%
Ease of Use	41%
Faster Web Browsing	33%
Third Party Applications	31%
Screen Size	17%
3.2 Megapixel Camera With Video Recording	16%
Google Maps	14%
Screen Resolution	12%
Integration of iPod	12%
Memory/Capacity	7%
Battery Life	5%
Microsoft Exchange Support	5%
Copy and Paste Function	5%
Ability to Sync With Multiple Computers	5%
Coverage/ Speed/ Quality Of AT&T's 3G Network	4%
Voice Quality of Calls	2%
Voicemail Displayed Visually	2%
Digital Compass	2%
Multimedia Player	0%
Other	6%

Apple iPhone 3GS Dislikes



Short Battery Life (41%) ranks as the number one dislike for iPhone 3GS owners.

But by far the most significant pitfall for new Apple 3GS owners rests with AT&T. One-in-three (32%) say they don't like the *Requirement to Use AT&T's Network* and another 23% say they dislike the *Coverage/ Speed/Quality of AT&T's 3G Network*.

ChangeWave Research: Consumer Smart Phones - Apple iPhone 3GS vs. Palm Pre

As Respondent GRE5573 puts it "The iPhone 3GS really taxes the battery if you use the 3G network a lot – you have to charge it every day. AT&T's network still drops a lot of calls, and the 3G coverage and speed is nothing to write home about."

Additional Comments on the iPhone 3GS's **Top Dislikes** are in [Appendix E](#).

What do you dislike most about your iPhone 3GS? (Choose No More Than Three)

	Apple iPhone 3GS Owners
Short Battery Life	41%
Requirement to Use AT&T's Network	32%
Coverage/ Speed/ Quality of AT&T's 3G Network	23%
Voice Quality of Calls	9%
My Employer's IT Department Doesn't Support It	8%
No Handwriting Recognition Feature	8%
Difficulty Importing Contact List or Phone Book	8%
Software Bugs	4%
Web Browser	3%
Touch Screen Interface	2%
Screen Resolution	2%
Third Party Applications	2%
Screen Size	1%
Memory/Capacity	1%
3.2 Megapixel Camera With Video Recording	1%
Multimedia Player	1%
Ability to Sync With Multiple Computers	1%
Digital Compass	1%
Google Maps	1%
Voicemail Displayed Visually	1%
Difficult To Use	0%
Copy and Paste Function	0%
Other	17%

Features Still Missing

We also asked owners to tell us which features are still missing from the iPhone 3GS.

Comments on iPhone 3GS **Features Still Missing** are in [Appendix F](#).

Which Companies are Losing Out Most Because of the iPhone 3GS?

Who is the manufacturer of the cell phone you were using before purchasing the iPhone 3GS?

	Apple iPhone 3GS Owners
Apple (e.g., iPhone)	41%
Motorola	18%
Nokia	11%
Research in Motion (e.g., BlackBerry)	9%
Sanyo	8%
Palm (e.g., Treo, Centro)	6%
HTC (e.g., Touch, Tilt, Dash)	3%
LG	2%
Sony/Ericsson	2%
Samsung	0%
Don't Know	0%
Other	1%

Manufacturers Losing Out. While Apple continues to draw heavily from its loyal fan base – two-in-five iPhone 3GS buyers (41%) were existing iPhone customers before purchasing the 3GS – the new iPhone is also attracting customers away from its competitors, with 18% of new owners reporting they previously owned a Motorola phone and 11% a Nokia.

For those who owned a non-Apple smart phone (e.g., Palm, BlackBerry, HTC) before purchasing the iPhone 3GS, what was the number one reason why you switched to the iPhone 3GS? (n=62)

	Apple iPhone 3GS Owners
Superior Web Browsing	23%
More Third Party Applications	18%
Multimedia Experience	11%
Easier To Use	11%
Word of Mouth/Referred By Friend	11%
Integration of iPod	6%
Messaging (Email, Instant Messaging, Twitter) Experience	5%
More Memory/Capacity	2%
Better Digital Camera/ Video Recording	0%
Don't Know	0%
Other	13%

Reasons for Switching to iPhone 3GS. We note that among 3GS buyers who previously owned a non-Apple smart phone, *Superior Web Browsing* (23%) and *More Third Party Applications* (18%) rank as top reasons why they chose to switch manufacturers.

For those who owned a previous iPhone model before purchasing the iPhone 3GS, what was the number one reason why you purchased the iPhone 3GS, as opposed to simply upgrading the software on your previous iPhone? (n=81)

	Apple iPhone Owners
Faster Speed and Performance	57%
3.2 Megapixel Camera with Video Recording	14%
More Memory	5%
Longer Battery Life	4%
Digital Compass	2%
Don't Know	0%
Other	17%

Reasons for Upgrading to iPhone 3GS. Among those who already owned an Apple iPhone in the first place, more than half (57%) said *Faster Speed and Performance* was the primary reason why they chose to purchase the new 3GS.

ChangeWave Research Methodology

This report presents the findings from two recent ChangeWave consumer surveys. The first focused on the Palm Pre (n=38) and the second looked at early buyers of the Apple iPhone 3GS (n=198). Both surveys were conducted August 4 – 11, 2009.

ChangeWave's proprietary research and business intelligence gathering system is based upon the systematic gathering of valuable business and investment information directly over the Internet from accredited members.

The Research Network is assembled from senior technology and business executives in leading companies of select industries. More than half of members (53%) have advanced degrees (e.g., Master's or Ph.D.) and 91% have at least a four-year bachelor's degree.

The business and investment intelligence provided by ChangeWave provides a real-time view of companies, technologies and business trends in key market sectors, along with an in-depth perspective of the macro economy – well in advance of other available sources.

About ChangeWave Research

ChangeWave Research, a subsidiary of InvestorPlace Media, LLC, identifies and quantifies "change" in industries and companies through surveying a network of thousands of business executives and professionals working in more than 20 industries.

The ChangeWave Research Network is a group of more than 20,000 highly qualified business, technology, and medical professionals – as well as early adopter consumers – who work in leading companies of select industries. They are credentialed professionals who spend their everyday lives on the frontline of technological change. ChangeWave surveys its Network members weekly on a range of business and consumer topics, and converts the information into a series of proprietary quantitative and qualitative reports.

ChangeWave delivers its products and services on the Web at www.ChangeWave.com.

ChangeWave Research does not make any warranties, express or implied, as to results to be obtained from using the information in this report. Investors should obtain individual financial advice based on their own particular circumstances before making any investment decisions based upon information in this report.

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