

Young, affluent snap up smartphones

April 3 2012, By Mike Snider

The smartphone continues to edge out traditional cellphones as the mobile device of choice, but there are holdouts among buyers.

Nearly half of U.S. <u>mobile phone subscribers</u> (49.7 percent) now own smartphones capable of streaming video, texting, downloading apps and other computer-like functions, according to Nielsen's latest survey of <u>mobile subscribers</u>. That's up sharply from 36 percent a little more than a year ago.

Yet there's still a segment of the population that "thinks about the mobile device as primarily a phone" for making calls, said Jonathan Carson, CEO of digital at Nielsen.

"Some are 'glove-box users' who throw the mobile device into the glove box in the car in case of emergencies," he said.

Younger, more affluent consumers are most likely to have smartphones, he said. But buyers under 65 in general are apt to choose a smartphone over a traditional feature phone. "Effectively, a smartphone is starting to become a must-have purchase for Americans at all income levels," Carson said.

Four of every five <u>mobile devices</u> purchased by those ages 18 to 34 are smartphones. "You see all of your friends using <u>Facebook</u> and <u>Twitter</u> on their mobile devices and you feel left out if you are not able to participate with them," Carson said. "That is a very strong driver."



Even some budget-challenged and lower-income consumers have shifted spending from a land-line phone to a mobile one, he said.

Among those making less than \$15,000 annually, 43 percent of those 25-34 opt for smartphones. That compares with 74 percent of those making \$75,000 to \$100,000 in those age groups.

Voice usage on mobile phones dropped for the first time in 2011, to 638 minutes of use per month from 720 in 2010, according to PricewaterhouseCoopers. "Voice usage is decreasing because you have a parallel massive increase of data usage," said Pricewaterhouse Coopers' Pierre-Alain Sur. "That points back to the trend of how people communicate and connect with each other."

Android devices (48 percent) continue to dominate the market, compared with about one-third with iPhones and nearly 12 percent with BlackBerrys, Nielsen said. Apple purchases are trending up, though. In the last three months, 43 percent of smartphone purchases were iPhones.

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