

AdAge

**What's up (and down)
in the \$14 billion
ad spending category
for consumer tech
products and services**

CONSUMER TECH

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Consumer Tech

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WHAT'S UP (AND DOWN) IN CONSUMER TECH

By Julie Liesse

Consumer tech is packed with the devices, services and technology that have revolutionized everyday lives: telecom services, TVs, computers, smartphones. Each of these continues to drive advertising within the category.

“This is a diverse category with a large range of products and services,” says Jon Swallen, chief research officer for Kantar Media. “It includes device and equipment manufacturers, retailers and providers of technology-based services. And a number of companies such as Google, Amazon, AT&T and Apple have a footprint in several segments within the category.”

Although the category includes everything from retailers to wearable technology, three-fourths of consumer tech ad spending is concentrated in about a half-dozen segments—and more than half of spending comes from just two groups: wireless phone service providers and manufacturers, and the

computer segment, including personal computers, tablets, software and peripherals.

Those percentages have remained consistent for the past five years. In fact, overall consumer tech and consumer electronics spending has been relatively constant, with total 2016 U.S. measured-media spending of \$14.2 billion up just 4.7 percent over 2007 levels. (In this report, consumer tech and consumer electronics will be used interchangeably, reflecting a broad definition of the category.)

That relative consistency belies the comings and goings of products over the past 10 years—a period that started with the debut of the iPhone in June 2007.

To no surprise in a category built on ongoing innovation, consumer tech advertising over the past decade maps the ups and downs of the products that have dominated 21st century consumers' leisure time and holiday wish lists.

Felines for Alexa: A neighbor's cat makes an appearance in a 2017 Amazon Echo commercial.



Ad spending on digital cameras, for instance, peaked at \$240 million in 2010 before smartphones put a high-quality camera in everyone's pocket. Ads from GPS companies including Garmin and TomTom hit \$88 million in 2008 before succumbing to in-vehicle navigation systems and smartphone mapping apps.

Another example: 2015 was the year no TV viewer could escape commercials for DraftKings and FanDuel, two online fantasy-sports organizations that are part of the gaming segment. The two brands together spent a whopping \$347 million, mostly on TV commercials. Both made Ad Age's ranking of the 200 Leading National Advertisers.

But in 2016, after journalists and government officials raised eyebrows about the companies' funding and alleged insider gambling scandals, DraftKings and FanDuel cut ad spending by more than 90 percent. The two companies in July 2017 scrapped a planned merger.

New and improved

"Ad spending in many consumer electronics segments is skewed by the cyclical flow of new product introductions and marketing launches," Swallen says. "There are always new TVs, new smartphones, new wireless plans and other roll-outs that require ad budgets. The marketing lifecycle can be relatively brief and introductory spending levels are elevated. As a result, segment spending totals rise and fall on the coattails of new products. It's a pattern that is more pronounced in consumer electronics as compared to other categories."

For instance, the marketing of wearable technology arrived with the introduction of Samsung Galaxy Gear in 2013, supported by \$63 million in ad spending. That was followed by a big marketing push for Fitbit in 2014 and the Apple Watch in 2015—when wearables segment ad spending hit \$325 million.

Although overall segment spending fell back to \$219 million in 2016, Samsung Electronics Co. recently broke a new campaign for the Gear Watch, promising additional ad growth to compete with the third edition of the Apple Watch launched in September 2017.

One of this year's key product battles is shaping up between two of what has been called the "frightful five" tech giants (Alphabet,



Sell phones: A TV spot for Pixel 2, the newest phone from Alphabet's Google, touts its display and battery life. A commercial for Apple's flagship iPhone X promotes face ID, wireless charging and augmented reality.

Amazon, Apple, Facebook, Microsoft).

The Amazon Echo launched with \$40 million in ad spending in 2015, a total upped to \$117 million in 2016. Amazon in 2017 is heavily promoting the full line of Echo "smart home devices" featuring its Alexa voice assistant.

Similarly, Google parent Alphabet's Google Home received \$74 million in 2016 spending following its fourth-quarter launch last year, and currently is all over the airwaves.

This year, both Amazon and Google are offering miniature versions of these smart speakers. "Basically two products were responsible for nearly \$200 million of spending last year, and they are still spending aggressively," Swallen says.

Computers, tablets and peripherals account for about one-fifth of all consumer tech ad spending: \$2.9 billion in 2016, up 3 percent from 2015. But unlike most segments of the category—like home entertainment electronics, gaming and wireless communications, which spend between two-thirds and three-quarters of ad dollars on TV buys—computer marketers are spending a growing portion of ad budgets online.

Digital media's share of computer ad spending has increased to 57 percent from 32 percent in the past five years, Swallen says. Simultaneously, TV's share of computer marketers' spending fell, to just 32 percent in 2016 from 44 percent in 2012.

"Think of all the electronics retail chains that no longer exist," he says. "Today, online is the dominant sales channel for computers, tablets, software and printers. Shoppers are going online to do research, compare products and make purchases. Advertising has followed them. For some items like computers and tablets paid search can be more than half of the digital ad budget."

Upwardly mobile

Next to the TV, the smartphone is one of the fastest-adopted technologies in history, with ownership among American adults more than doubling to 77 percent in just five years, according to the Pew Research Center.

The U.S. premium smartphone market is dominated by Apple's iPhone and Samsung's Galaxy lineups, which together spent more than \$1 billion on U.S. measured-media advertising in 2016.

Although Apple and Samsung own about 80 percent of the U.S. market, other marketers seem convinced there is still room for consumer choice. Fourth-quarter campaigns are supporting the new Google Pixel 2 smartphone as well as the Moto Z from Lenovo's Motorola Mobility, which are competing with the new Apple iPhone 8 and iPhone X and the Samsung Galaxy S8, all released this year.

Despite the excitement generated by new products like these, service providers—the companies that make the TV and phone connections happen—represent the consumer tech category's top five spenders and

dominate total ad spending.

AT&T, which plays in both TV and phone services, was the single most-advertised brand in the U.S. in 2015, according to Ad Age's tally of Kantar Media data. (AT&T dropped to the No. 4 advertised brand in 2016, behind Geico, Verizon and Chevrolet.)

"Despite the fact that these segments at an aggregate level are mature, there is a lot of spending because there is a lot of competition within them," Swallen says.

"Ninety-seven percent of Americans have a cell phone, so everyone is a customer for wireless service."

AT&T, Verizon Communications, Deutsche Telekom's T-Mobile and Softbank Group Corp.'s Sprint—the Big Four of wireless phone service—jointly spent more than \$3.5 billion on advertising in 2016 to convince phone customers to sign up, upgrade or switch. Still, this represents a significant decline over spending in 2007, the year when the iPhone and the Android OS debuted and carriers were looking to convert users to smartphones and data plans.

A plug for TV

Similarly, virtually all American households have TVs, and despite the headlines about cord-cutting, Swallen says more than three-fourths of households still have a subscription TV service—a business dominated by four cable conglomerates and two satellite TV services.

"Almost every TV household has service from someone, and a lot of the "uncording" taking place is cutting back on packages rather than eliminating service entirely," he says.

Even getting a small number of households to switch services, or to bundle internet or phone service together with TV, translates into a lot of money.

That goal keeps TV service providers including Comcast Corp., AT&T (DirecTV), Charter Communications and Dish Network Corp. spending money on consumer advertising. Cable and satellite TV providers spent \$1.3 billion in 2016, down 5.6 percent from the previous year, but up from just \$852 million in 2007.

Biggest consumer tech advertisers

U.S. measured-media ad spending. Dollars in millions.
Telecoms account for four of the five-largest spenders.

Rank	Marketer	Measured-media ad spending			% change, 2016 vs. 2007
		2016	2015	2007	
1	AT&T	\$1,596	\$1,972	\$2,472	-35%
2	Verizon Communications	1,208	1,353	1,984	-39
3	Deutsche Telekom (T-Mobile US)	1,128	1,068	615	83
4	Comcast Corp.	806	768	402	100
5	Softbank Group Corp. (Sprint Corp.)	767	827	1,195	-36
6	Apple	759	639	279	172
7	Microsoft Corp.	669	613	312	115
8	Samsung Electronics Co.	668	584	108	519
9	Charter Communications	352	347	175	101
10	Alphabet (Google)	323	170	2	N/A
11	America Movil	310	248	17	N/A
12	Dish Network Corp.	248	323	176	41
13	Amazon	237	220	0	N/A
14	Best Buy Co.	192	234	353	-46
15	Intuit	165	146	88	88
16	Intel Corp.	133	126	90	49
17	LG Electronics	108	162	59	82
18	CenturyLink	107	108	101	6
19	IBM Corp.	106	137	190	-44
20	Cox Enterprises	104	185	54	91
21	Activision Blizzard	101	156	57	78
22	Dell Technologies	95	86	45	112
23	Fitbit	92	95	0	N/A
24	Lenovo Group	88	78	24	269
25	HP	77	139	227	-66
Total: all consumer tech		\$14,221	\$14,987	\$13,585	5%

Source: Kantar Media. Numbers rounded. Spending reflects marketers' ad spending only in consumer tech segments based on Ad Age Datacenter analysis of Kantar Media data. Spending is pro forma, factoring in acquisitions and divestitures. More info: kantarmedia.com.

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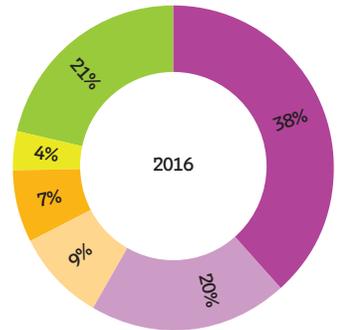
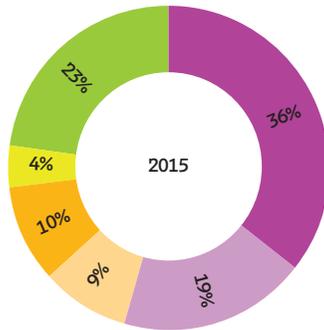
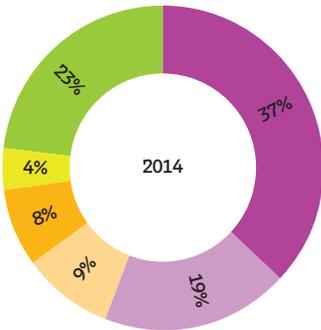
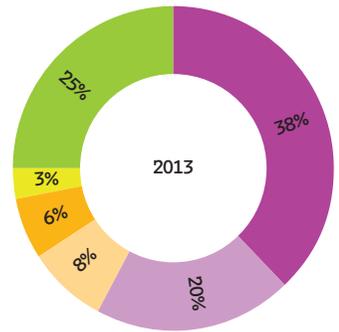
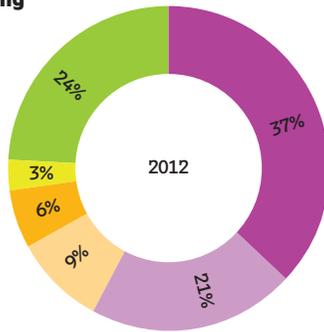
Consumer tech ad spending by segment

U.S. measured-media ad spending, 2012-2016.
Dollars in millions.

Segment	Measured-media ad spending				
	2012	2013	2014	2015	2016
Wireless communications Wireless service providers; wireless handset manufacturers	\$5,468	\$5,855	\$5,540	\$5,343	\$5,416
Computers, printers, tablets, accessories PCs; tablet PCs; PC peripherals; PC software	3,009	3,130	2,859	2,808	2,883
Cable and satellite communications TV service providers	1,250	1,216	1,309	1,357	1,281
Gaming Game consoles and software; mobile game apps; desktop game software	910	859	1,186	1,515	1,001
Home entertainment electronics Video and audio equipment; wireless home assistant systems	460	455	534	533	638
Other segments	3,567	3,777	3,356	3,431	3,001
Total: consumer tech	\$14,664	\$15,292	\$14,783	\$14,987	\$14,221

Segment's share of category spending

- Wireless communications
- Computers, printers, tablets, accessories
- Cable and satellite communications
- Gaming
- Home entertainment electronics
- Other segments



Source: Kantar Media. Numbers rounded. More info: kantarmedia.com.

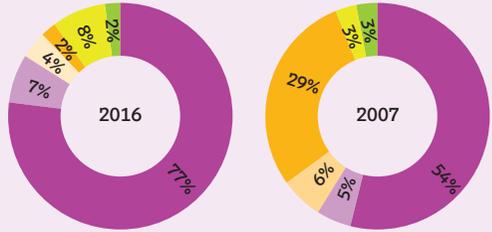
Consumer tech ad spending by medium

For each consumer tech segment, share of measured-media ad spending that went into a given media type in 2016 and 2007.

■ TV ■ Digital ■ Magazine ■ Newspaper ■ Radio ■ Out of home

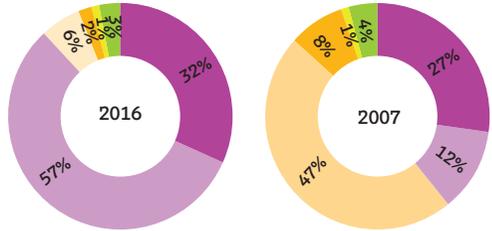
Wireless communications

Change in segment's total ad spending, 2016 vs. 2007: +3%



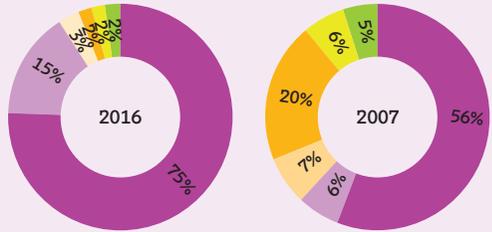
Computers, printers, tablets, accessories

Change in segment's total ad spending, 2016 vs. 2007: +53%



Cable and satellite communications

Change in segment's total ad spending, 2016 vs. 2007: +50%



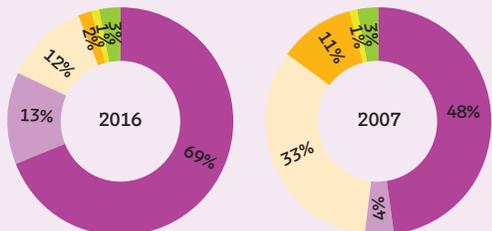
Gaming

Change in segment's total ad spending, 2016 vs. 2007: +31%



Home entertainment electronics

Change in segment's total ad spending, 2016 vs. 2007: -10%



Source: Kantar Media. Numbers rounded. More info: kantarmedia.com.

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Consumer tech ad spending, 2007-2016

U.S. measured-media ad spending. Dollars in billions.



Source: Kantar Media. Numbers rounded. Spending reflects marketers' ad spending only in consumer tech segments based on Ad Age Datacenter analysis of Kantar Media data. More info: kantarmedia.com.

Biggest consumer tech advertisers by segment

U.S. measured-media ad spending. Dollars in millions.

Segment and marketer	Measured-media ad spending		
	2016	2015	2007
Home entertainment electronics			
Amazon	\$220.9	\$133.4	\$0.0
Apple	108.8	59.2	125.7
Alphabet (Google)	77.0	30.6	0.0
Retail			
Best Buy Co.	\$191.8	\$234.5	\$352.6
Apple	64.2	66.0	5.9
HHGregg ¹	55.0	60.2	28.3
Gaming			
Microsoft Corp.	\$108.4	\$74.0	\$48.7
Activision Blizzard	101.3	156.2	57.1
Machine Zone	73.3	105.7	0.0
Wearables²			
Fitbit	\$92.2	\$94.8	\$0.0
Apple	54.2	163.1	0.0
Garmin	33.6	32.1	2.3
Voip (voice over internet protocol)			
Vonage Holdings Corp.	\$51.0	\$67.5	\$125.7
8x8	5.6	0.0	0.7
MegaPath	5.0	0.4	0.0

Source: Kantar Media. Numbers rounded. Spending reflects marketers' ad spending in segment based on Ad Age Datacenter analysis of Kantar Media data. More info: kantarmedia.com. 1. HHGregg in March 2017 filed for Chapter 11 bankruptcy and then closed its stores. A different company, Valor LLC, bought the name and relaunched hhgregg.com. 2. Excludes GoPro.

THE CHURNING POINT

Unlimited churn. That seems to be the modus operandi of the wireless service category.

Just five years ago, the standard playbook for a wireless service provider included two-year contracts, coverage claims and equipment discounts. A one gigabyte data plan cost \$90 a month. Verizon and AT&T were the big guys, Sprint a serious No. 3, and T-Mobile an also-ran.

When disruptor T-Mobile upended the market by ending contracts and declaring itself the “Un-carrier” in 2013, it kicked off a series of changes that have ultimately deepened Americans’ connections to their smartphones—and at the same time fueled continued aggressive marketing spending.

Fast forward four years—a period when smartphone penetration grew to 77 percent of American adults in 2016 from 55 percent in 2013, according to the Pew Research Center. The most recent wireless provider ads tout “unlimited” talk, text and data plans for as little as \$20 per line per month, with no contract required and all fees and taxes included.

With virtually unlimited data available, smartphone owners are free to spend more

time watching video on their phones.

Overall, wireless service providers and phone manufacturers together accounted for \$5.4 billion, or 38 percent, of total consumer tech U.S. measured-media ad spending in 2016. The segment is nearly twice as large as any other in the consumer tech category.

But take out handset manufacturers like Apple and Samsung, and the wireless service providers on their own still would be the largest consumer tech segment, with \$4.0 billion in 2016 spending.

In 2016, despite being No. 3 in market share, T-Mobile’s aggressive marketing made it the top advertiser in the category, with \$1.1 billion in spending, up 5.7 percent. That includes ad spending of \$322 million, up 26.7 percent, on MetroPCS, a prepaid phone service brand.

In contrast, Verizon spending fell 6.4 percent to \$972 million in 2016, and AT&T spending on its AT&T wireless and Cricket brands dropped 26%, to \$790 million.

Even though the cell phone market is close to saturated, and even though so many of the

T-Mobile this year introduced T-Mobile One Unlimited 55+, courting older consumers with an unlimited package of two lines for \$60 a month.



“There is fierce competition between a small number of carriers, and 20-25 percent of the subscriber population churns every year.”

Jon Swallen

marketing dynamics have changed in the past five years, ad spending has not slowed down.

Everyone is a customer

“Ninety-seven percent of Americans have a cell phone, so everyone is a customer,” says Jon Swallen, chief research officer for Kantar Media. “There is fierce competition between a small number of carriers, and 20-25 percent of the subscriber population churns every year.”

The no-contract deals make it easy for customers to shop and to switch, and a lot is on the line for the key service providers. Even through prices have declined with the new unlimited plans, the average cell phone user still pays a wireless carrier \$47 to \$49 a month, or nearly \$600 a year on average, Swallen says.

“If you spread that across the total number of mobile connections in the U.S., there is a ton of money out there—and even one share point represents several million lines,” he says.

Carriers are seeking growth by targeting. Many plans offer three- or four-line deals aimed at adding phone lines within families, while Sprint recently launched its Unlimited Freedom plan offering up to five lines for \$100.

T-Mobile in August launched ads for its new One Unlimited 55+ plan, a lure for older Americans who may own a cell phone but have not yet invested in a smartphone. (Only 42 percent of adults over 65 years old owned a smartphone at the end of 2016, Pew found.) The Unlimited 55+ deal offers customers aged 55 and older two lines of unlimited talk, text and data for just \$60 a month, with autopay—about half the cost of the company’s regular pricing.

Swallen says most advertising by wireless providers historically focused on two things: the network (quality, reliability and coverage) and service plan features.

In 2017, as wireless providers encourage customers to reevaluate their carrier choices, they are focusing their ad messages on “unlimited” service plans. Swallen’s analysis of TV ads during the first half of 2017 showed that “unlimited” plans were mentioned in 100 percent of AT&T’s commercials and in 90 percent of T-Mobile and 89 percent of Sprint TV spots.

As more consumers opt to purchase their own phones outright, rather than acquire them as part of a contract with their service provider, those equipment-deal messages have become a less important part of marketing campaigns.

Viewed by spend, only 44 percent of AT&T’s national TV ads and just 30 percent of T-Mobile’s spots mentioned equipment deals during the first half of 2017, Swallen says. “These days, phone and equipment offers are more of a sweetener rather than the focus of the deal,” he says.

Similarly, as ratings of cell-phone services show that gaps between the big carriers have evened out, fewer ad messages promote network quality.

In the first half of 2017, none of AT&T’s TV spots, and only 18 percent of T-Mobile’s, discussed network quality, Swallen says. He also points out that the quality message has changed to reflect what matters to most consumers today: Rather than discuss coverage, for instance, the network quality message is focused on download speeds and video-streaming quality.

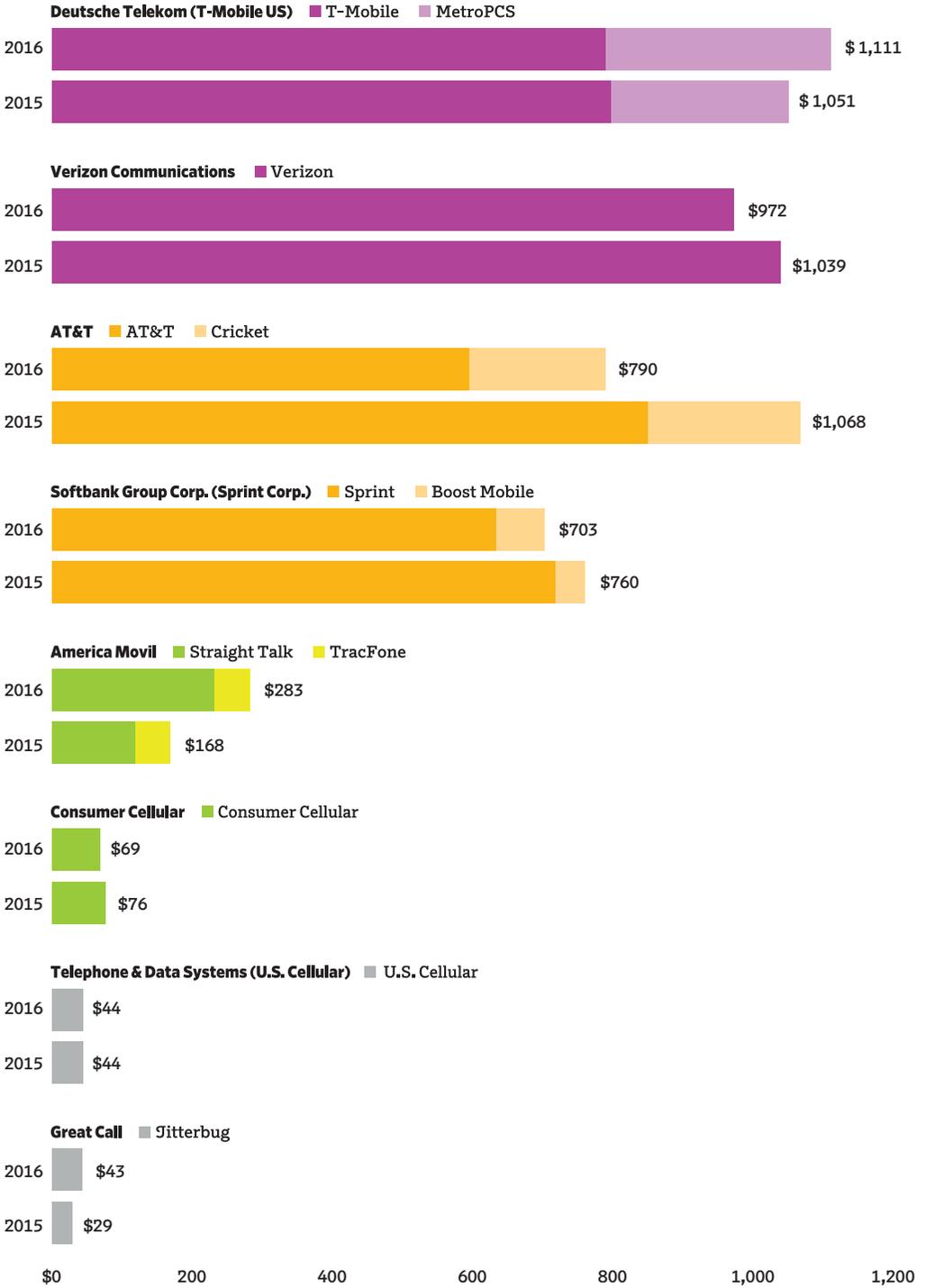
Watch your phone

Reflecting users’ growing interest in accessing video content through their phones, the current crop of carrier ads feature tie-ins with content providers.

AT&T has promoted tie-ins with its subsidiary DirecTV as well as HBO (which will end up as part of AT&T if a proposed merger with Time Warner goes through). Last year, Verizon was offering free HBO service to subscribers; this year, it’s AT&T using a free HBO subscription to sweeten deals. Meantime, T-Mobile is promoting a free Netflix subscription as part of certain plans.

Biggest wireless-services advertisers

U.S. measured-media ad spending. Dollars in millions.

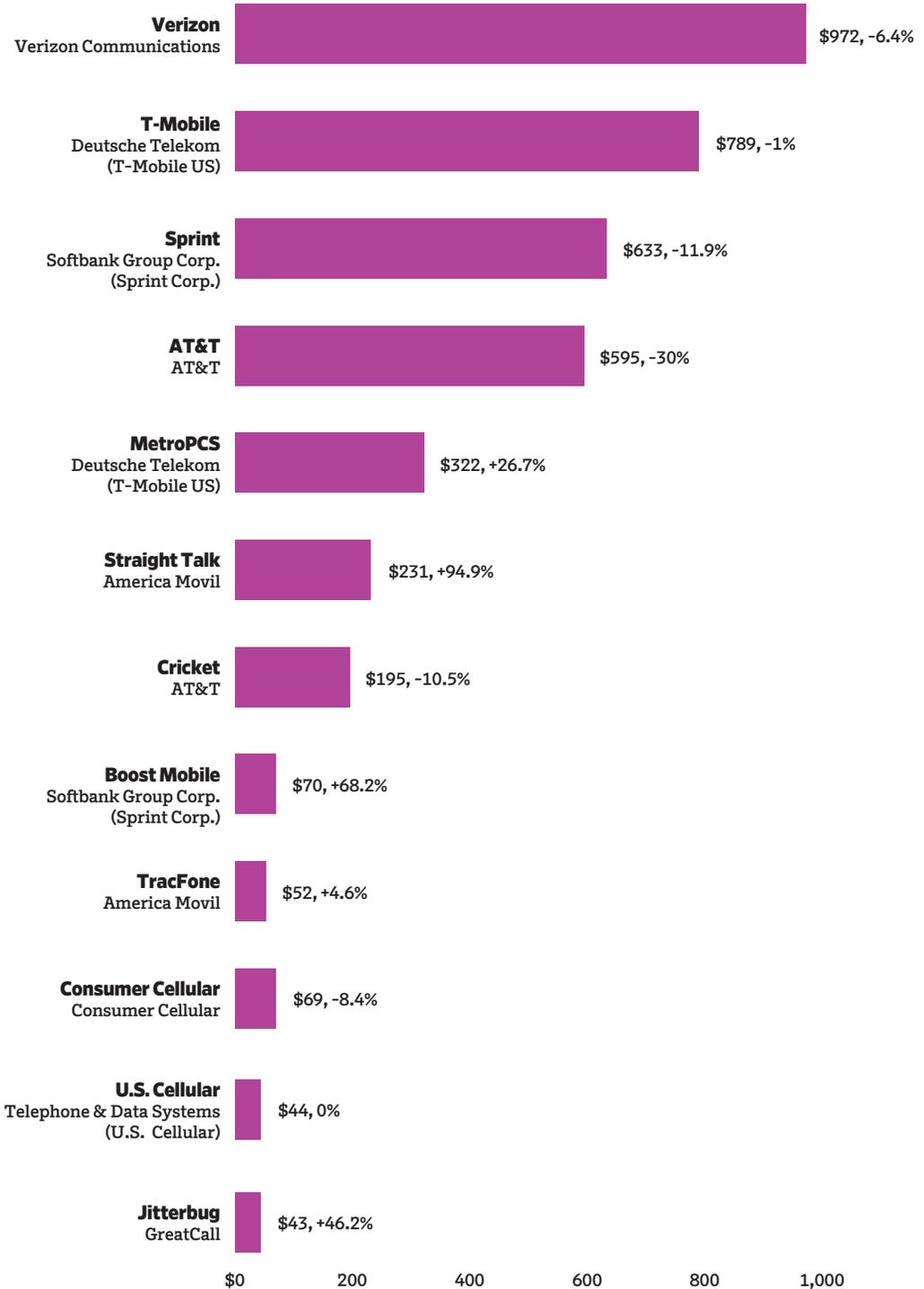


Source: Kantar Media. Numbers rounded. More info: kantarmedia.com.

Consumer Tech

Most-advertised wireless-services brands

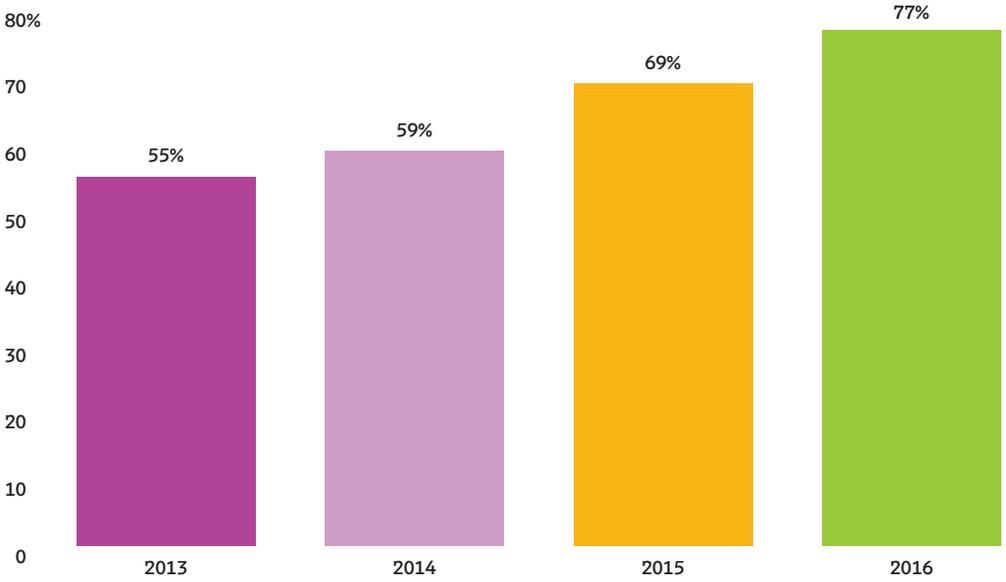
2016 U.S. measured-media ad spending. Dollars in millions. Percent change versus 2015.



Source: Kantar Media. Numbers rounded. More info: kantarmedia.com.

Smartphone penetration

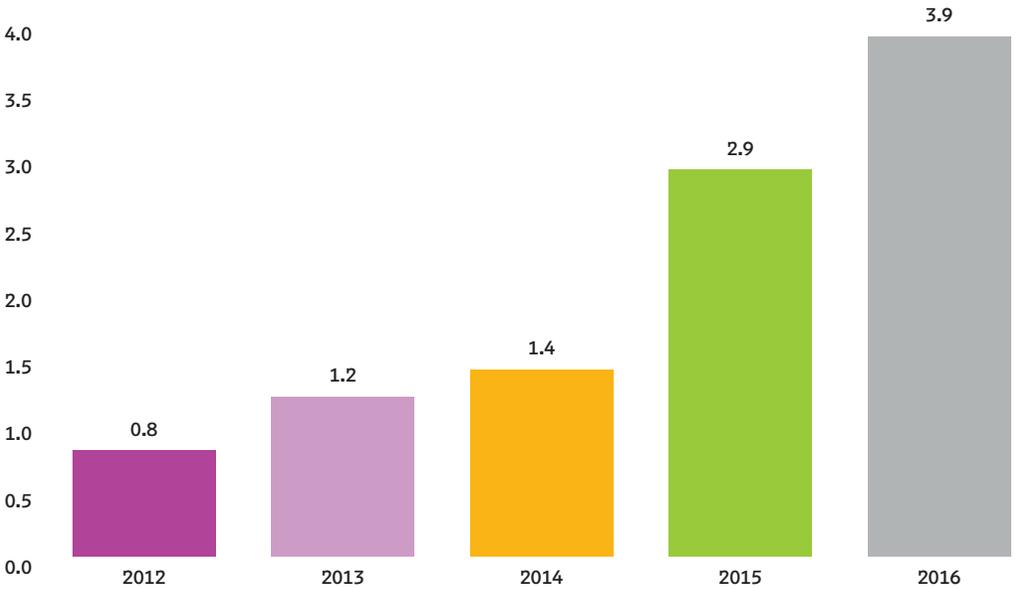
Percentage of U.S. adults who own a smartphone.



Source: Pew Research Center. More info: pewresearch.org.

Mobile data consumption

Monthly mobile data usage per smartphone subscriber in gigabytes.



Source: CTIA wireless industry indices, year-end 2016. Numbers rounded. More info: ctia.org.

HOW CONSUMERS CHOOSE A PHONE SERVICE

Conventional wisdom holds that everybody complains about the cable company and mobile phone service. But in reality, mobile phone users say they are actually relatively satisfied with their service.

According to consumer data from Kantar Worldpanel ComTech, U.S. customers overall say they are generally satisfied with their mobile service—especially the call quality, signal quality, connection speed and reliability.

The average carrier net promoter score (NPS), measuring level of recommendation after 14 months of device ownership, is 25.4, compared to a typical score of 18 across all mobile phone owners.

What consumers are dissatisfied about is using their mobile phones overseas, and pricing—complaining that packages have hidden charges, don't provide good value or enough data, and that wireless providers don't

value customer loyalty with rewards or discounts.

There are differences in the scores customers give to the four big mobile service providers, however.

ComTech found that while Verizon and AT&T score higher with customers in terms of quality, signal and reliability, T-Mobile scores especially well with its customers because of its “unlimited” call, text and data features. AT&T and Sprint customers complain more about how much value they get for their money.

That echoes what consumers say when asked why they have recently switched carriers. Overall, 30.4% of people who switched in the past year said they switched to get a cheaper plan—twice as many as those who say they switched to get better network coverage, the No. 2 reason for switching.

However, customers choose specific carriers for

specific needs.

For instance, 13.8% of customers who switched to T-Mobile said they did so to get a plan with unlimited data—compared to only 4% of those who switched to AT&T or Verizon. People also switched to T-Mobile to access a 4G/LTE network.

In contrast, 40.1% of customers who switched to Verizon said they did so for better network coverage—compared to only 18.5% of those who chose AT&T, and only 10.9% of those who chose T-Mobile.

Meanwhile, people say they have switched to AT&T for softer reasons: 14.4% said they were seeking better customer service, and 11.1% said they were taking the recommendation of friends and family (compared to 5.1% and 5.8% who listed recommendations as the primary reason for switching to T-Mobile and Verizon, respectively).

ComTech also found that 60% of customers said they acquired their phone directly from the carrier, frequently as part of a monthly installment plan. But 13% said their phone was a gift—and 4% said they use a phone that was passed on or handed down from someone else.



Net works: Verizon's fall 2017 commercial promotes “the best network and the best unlimited.”

Why do consumers switch mobile networks?

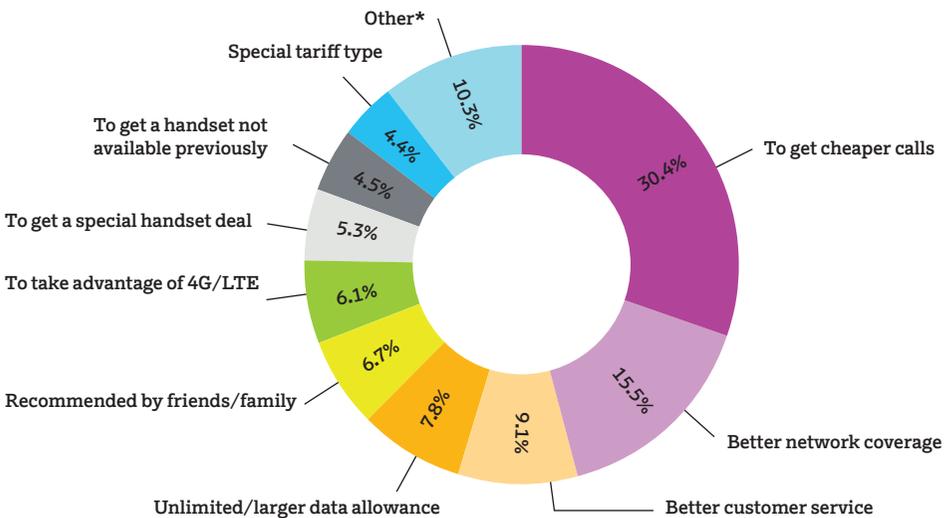
Price is the biggest reason. Overall, 30.4% of people who changed services in the past year said they switched to get a cheaper plan.

	Total	Verizon	AT&T	T-Mobile	Sprint
To get cheaper calls	30.4%	11.6%	23.4%	26.6%	30.2%
Better network coverage	15.5	40.1	18.5	10.9	20.5
Better customer service	9.1	9.8	14.4	7.7	3.4
Unlimited/larger data allowance	7.8	4.1	4.0	13.8	13.6
Recommended by friends/family	6.7	5.8	11.1	5.1	2.2
To take advantage of 4G/LTE	6.1	7.0	5.4	11.6	2.7
To get a special handset deal	5.3	3.9	4.8	7.4	5.8
To get a handset not available previously	4.5	4.1	8.3	1.5	4.0
Special tariff type	4.4	2.3	1.4	4.8	5.8
Have other services with network	1.3	1.4	2.9	0.0	0.0
Specific offers	1.0	0.0	0.2	4.3	3.7
Other/none of the above	8.0	9.9	5.6	6.4	8.1

Source: Kantar Worldpanel ComTech. Numbers represent the percentage of customers who switched to the given provider during the 12 months ended September 2017. Numbers rounded. Consumers were asked: "What was the main reason for joining your new network service provider?" More info: kantarworldpanel.com.

Why consumers switch

Based on total market for mobile networks.



*Have other services with network, specific offers, other/none of the above.

Source: Kantar Worldpanel ComTech. Numbers represent the percentage of customers who switched to the given provider during the 12 months ended September 2017. Numbers rounded. Consumers were asked: "What was the main reason for joining your new network service provider?" More info: kantarworldpanel.com.

SEARCH MARKETING GETS MOBILIZED

Mobile phones have a strong connection with paid search advertising—like, a four-bar connection.

Cell phone models dominate the list of consumer tech keywords and retail keywords overall—in paid search based on ad spending, according to an analysis by Kantar Media’s paid search unit AdGooroo.

Mobile phone keywords accounted for half of the top 20 retail keywords, and seven of the top 10 consumer tech keywords, during the 12 months from August 2016 through July 2017.

Not only that, but the mobile phone segment placed three keywords among the top 20 keywords across all categories in July. “Samsung Galaxy S8,” the model released in late April, ranked fourth among all keywords during the month of July.

“It’s a relatively unique category,” says Eric Marcy, president of AdGooroo. “We’re only talking about so many models but the category they play in is very well positioned to take advantage of the search landscape.”

268 mobile phone keywords

During the 12 months ended in July, 2,149 advertisers spent \$72.8 million sponsoring 268 mobile phone keywords—from model names like “iPhone 7” to generic terms like “cell phones”—according to AdGooroo’s analysis of U.S. Google desktop text ad activity.

By almost any measurement, Apple’s iPhone rules. Apple accounted for more than 26 percent of all clicks served on those keywords. The only other device manufacturer to rank among the top advertisers is its archrival, Samsung, which had only a 6.6 percent share of clicks.

In addition to Apple and Samsung, among the top 15 advertisers, seven were telecommunications companies—not surprisingly, since

new phone models are a key part of their advertising. That group was led by AT&T, Verizon and T-Mobile. The top advertiser list also included four retailers, topped by Best Buy.

According to AdGooroo’s analysis, in terms of specific keywords, 55 iPhone keywords generated 69 percent of the spending, or \$49.9 million. In contrast, just 20 percent of spending, or \$14.5 million, was from the 73 Samsung model terms in the analysis.

Reflecting their real-life, head-to-head domination of the U.S. premium phone market, Apple iPhone and Samsung Galaxy together accounted for 88 percent of total ad spending on the analyzed mobile phone keywords.

But in a year fraught with problems—exploding phones and battery recalls—Samsung has seen its position weaken relative to Apple in the U.S. premium phone market, the portion of phone sales that generates most of the category’s profit.

A summertime boost from Samsung’s Galaxy S8 will be countered by the new iPhone 8 and iPhone X.

“If you look deeper, there are a much higher number of advertisers bidding on terms like ‘iPhone 7’ than on Samsung keywords,” Marcy says. “Meanwhile, the cost per click is higher on Samsung devices. They are having some challenges in terms of spend relative to their chief competitor.”

Top two versus everyone else

Despite the distance between Apple and Samsung in the paid search marketplace, Marcy says, there’s a chasm between the top two players and everyone else.

“When you take a deeper look at the category, what is surprising to me is the distance between the top two players and the rest of the marketplace,” he says.

Top mobile phone keywords by paid search spending

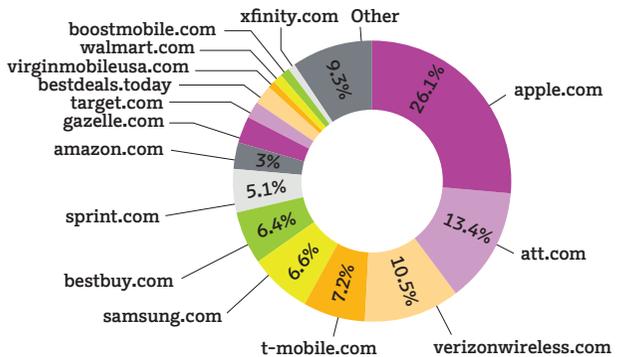
Based on U.S. Google desktop text ad activity for 268 mobile phone keywords, August 2016–July 2017.

Rank	Keyword	Spending	Number of advertisers	Clickthrough rate	Average cost per click
1	iphone 6s	\$18,838,576	72	4.8%	\$2.60
2	iphone 7	18,380,934	59	9.6	0.73
3	samsung galaxy s8	9,015,535	32	5.7	3.71
4	iphones	2,958,853	104	3.0	1.65
5	iphone 7 plus	1,952,892	61	4.2	1.00
6	iphone	1,652,265	58	2.9	2.16
7	iphone 6 plus	1,499,854	86	3.3	1.38
8	iphone 6s plus	1,436,875	65	3.3	0.91
9	iphone se	1,402,721	57	3.9	0.51
10	galaxy s8 plus	1,382,346	27	3.8	5.46
11	smart phone	820,672	135	3.1	4.77
12	cell phones	760,778	131	3.1	3.18
13	cell phone	752,736	97	2.6	3.26
14	galaxy s7 edge	730,475	68	4.3	0.20
15	iphone 5s	659,307	84	3.1	0.71
16	samsung s8 plus	595,170	36	3.6	4.84
17	smartphones	538,539	112	3.1	4.76
18	t mobile phones	498,365	102	3.9	1.51
19	samsung galaxy s7 edge	494,492	68	5.3	0.20
20	samsung phones	426,471	90	3.5	1.77

Source: AdGooroo, a Kantar Media company. More info: kantarmedia.com.

Top mobile phone advertisers by paid search clicks

Based on share of U.S. Google desktop text ad clicks on 268 mobile phone keywords, August 2016–July 2017.



Percentages for slices smaller than amazon.com were below 3 percent. Source: AdGooroo, a Kantar Media company. More info: kantarmedia.com.

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SMART DECISIONS

Nearly one in four Americans have a smart TV in their home. Not only are these consumers early adopters of new technologies, but they also are hugely influential among their friends and family.

For instance, one-third of smart TV owners say they buy new technology products before most of their friends do—and then, not surprisingly, 35 percent say people come to them for advice before buying new things.

Some 44 percent of these tech aficionados say they usually are the first among their friends to know what’s going on; 54 percent say they like to pursue a life of challenge, novelty and change.

The demographic and psychographic profile of smart TV owners was developed using information from the 2017 edition of the Kantar Media TGI study, which annually surveys 10,000 consumers.

“These people are very influential in the technology space. They are looking for unique and interesting experiences with technology in all facets of their lives,” says Chris Ingram, national digital media account director for Kantar Media. “Marketers should want to engage with this type of consumer—because technology is so important to them, many technology dots connect within this group, and there is a halo effect on other devices.”

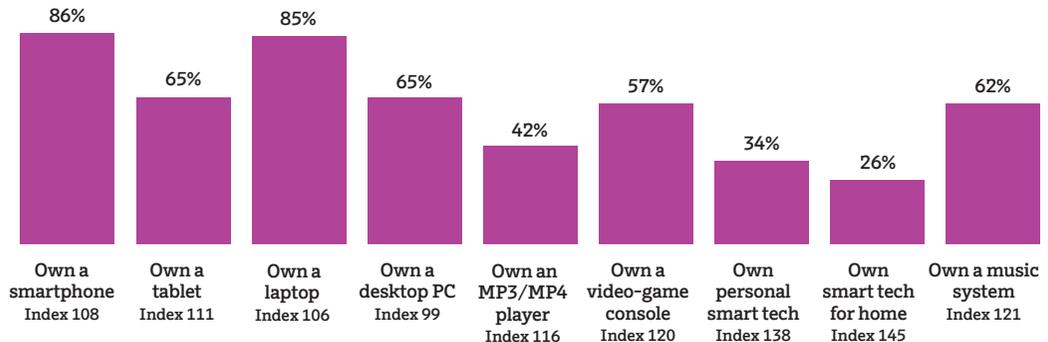
What types of people own smart TVs?

Twenty-three percent of Americans have a smart TV. They are more likely to be younger and richer.

Attribute	Percent of smart TV owners with that attribute
Aged 25-44	38%
Well-educated (bachelor’s degree or higher)	46
In the top-10 percent socio-economic group	15
Married or living as married	56
Parents of young children (aged 11 or younger)	28

Smart TV owners are more likely to own many types of devices.

Smart TV households significantly over-index on ownership of other smart technologies.



Source: Kantar Media, TGI 2017. Base for percentages is the total number of households owning smart TVs. Smart TV means an internet-enabled TV set. Index: 100 = average U.S. household. More info: kantarmedia.com.

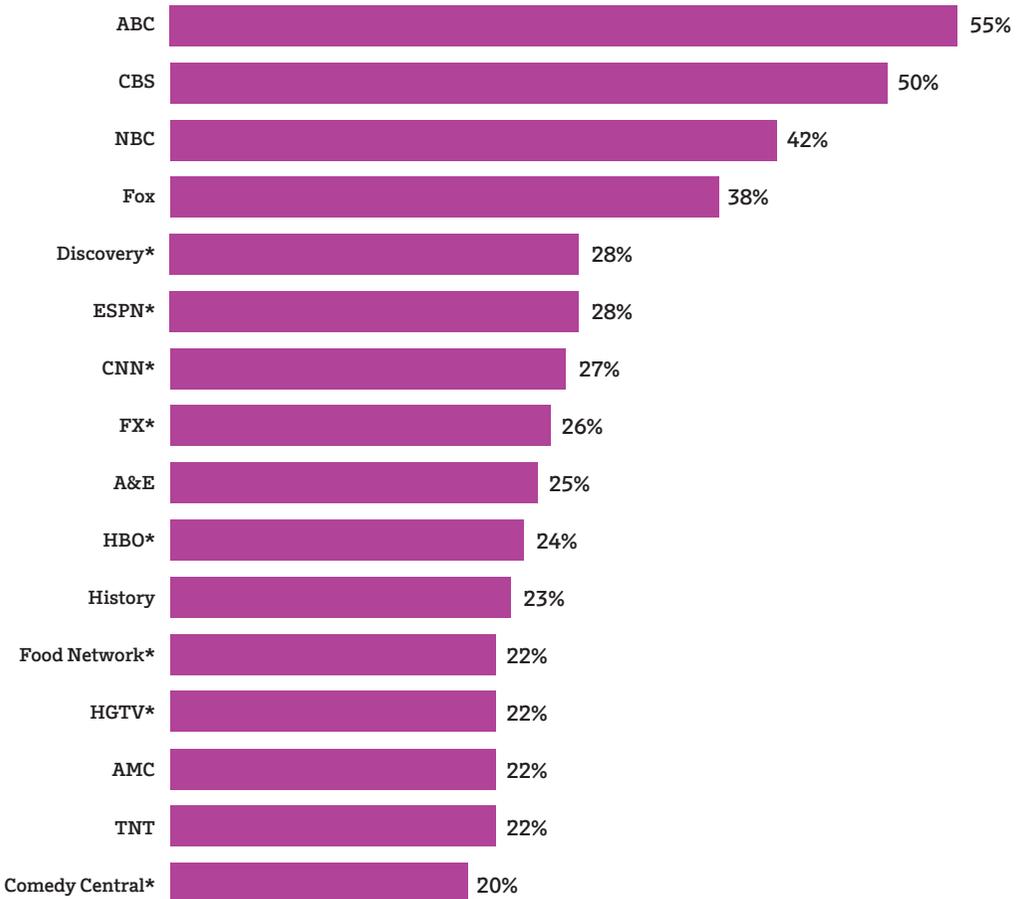
Multitasking

Smart TV owners are more likely to use other technologies while watching TV.

	Index	Percent
Send texts/instant messages	120	33%
Use mobile apps	127	31
Play games on smartphone/tablet/PC	120	31
Go online to find out more about shows/people on TV	127	26
Go online to find out more about products/services seen on TV	124	21
Read/comment on social media about other subjects	122	15

Source: Kantar Media, TGI 2017. Base for percentages is the total number of households owning smart TVs. Index: 100 = average U.S. household. More info: kantarmedia.com.

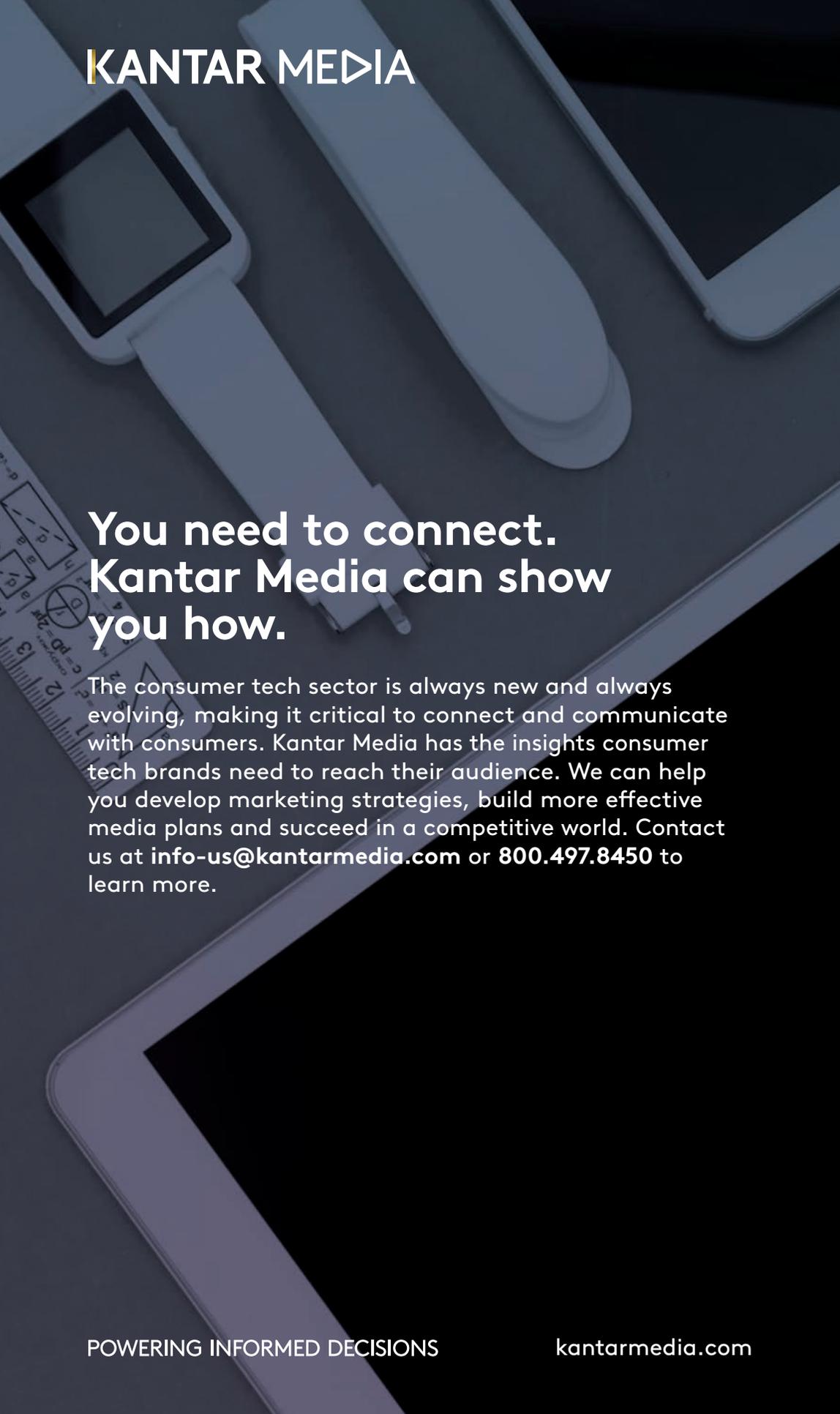
Smart TV owners are more likely than the average household to watch cable channels.
Percent of smart TV owners who watch network.



Source: Kantar Media, TGI 2017. Base for percentages is the total number of households owning smart TVs. Index: 100 = average U.S. household. More info: kantarmedia.com. * = index 115+.

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