

PHONE THEFT IN AMERICA

Breaking down the phone theft epidemic

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Introduction

Chances are, you or someone you know has had a smartphone stolen. Whether you left it on a coffee shop table and came back to find it missing or it was swiped from your pocket on your way home from work, phone theft is unfortunately happening to the best of us at an increasing rate. In 2013, 3.1 million American consumers were victims of smartphone theft, according to Consumer Reports, that's nearly double the number reported in 2012.

Lookout's Phone Theft in America report, a survey of smartphone theft victims conducted by IDG Research, examines the smartphone theft epidemic in the U.S. The report found that 1 in 10 U.S. smartphone owners are victims of phone theft and 68 percent of victims were unable to recover their device after the theft occurred. The reality is that whether your smartphone is white, black, or gold, it is now almost 30 times more valuable per ounce than a block of solid silver – and almost as easy to convert discreetly into cash.

Simply being a little too forgetful plays a huge role in the growing phone theft trend. Most phone theft victims, 44 percent, accidentally left their phone behind in a public setting where it was later snatched up by a thief. According to our data, the typical victim was most likely at a restaurant in the afternoon, and it took the victim an hour to realize the phone had been nabbed.

Once they notice, they're willing to pay big money to get it back. It, surprisingly, is not actually the phone, but the data on it.

Smartphones carry so much highly personal information, from banking information to corporate email. Fifty percent of phone theft victims would be somewhat likely to extremely likely to pay \$500 to retrieve their stolen phone's data, including all photos, videos, music, apps, and private information, while one-third of victims would be somewhat likely to extremely likely to pay \$1,000! Even more, 68 percent of phone theft victims are willing to put themselves in some amount of danger to retrieve a stolen device and the precious information on it.

68% of phone theft victims are willing to put themselves in some amount of danger to retrieve a stolen device

Until we can build technological solutions to make phone theft less appealing and educate the public on how to stay safe, the issue is bound to keep growing.

Survey Methodology

The survey was conducted online by IDG Research on behalf of Lookout between March 4 and March 20, 2014. The survey was fielded to respondents in the U.S., U.K., France, and Germany who reported owning a smartphone. Quotas were set to ensure that approximately 500 respondents (2,403 complete responses) from each country had their smartphones stolen at some point, while another 100 respondents from each country were allowed to complete the survey despite never having their smartphone stolen.

Highlights

How smartphones are stolen:

- 44% were stolen because the owner left the phone behind in a public setting
- 14% were stolen from a car or house that was burglarized
- 11% were stolen off the victim's person: out of their hands, pockets, purses, or bags

Where phones are stolen:

- 16% in a restaurant
- 11% at bar/nightclub
- 11% at work
- 6% on public transportation
- 5% on the street

When phones are stolen:

- 40% between 12 p.m. and 5 p.m.
- 29% between 6 p.m. and 9 p.m.
- 18% between 10 p.m and 5 a.m.

Consequences of phone theft:

- 47% report a time/productivity loss
- 10% report loss of confidential company data
- 9% had their identity stolen
- 12% experienced fraudulent charges on their account

Willingness to pay:

- Excluding the cost of the physical device itself, 50% of phone theft victims would be somewhat likely to extremely likely to pay \$500 to retrieve their stolen phone's data, including all photos, videos, music, apps, and private information
- 1 in 3 victims would be somewhat likely to extremely likely to pay \$1,000 for the data on their phone

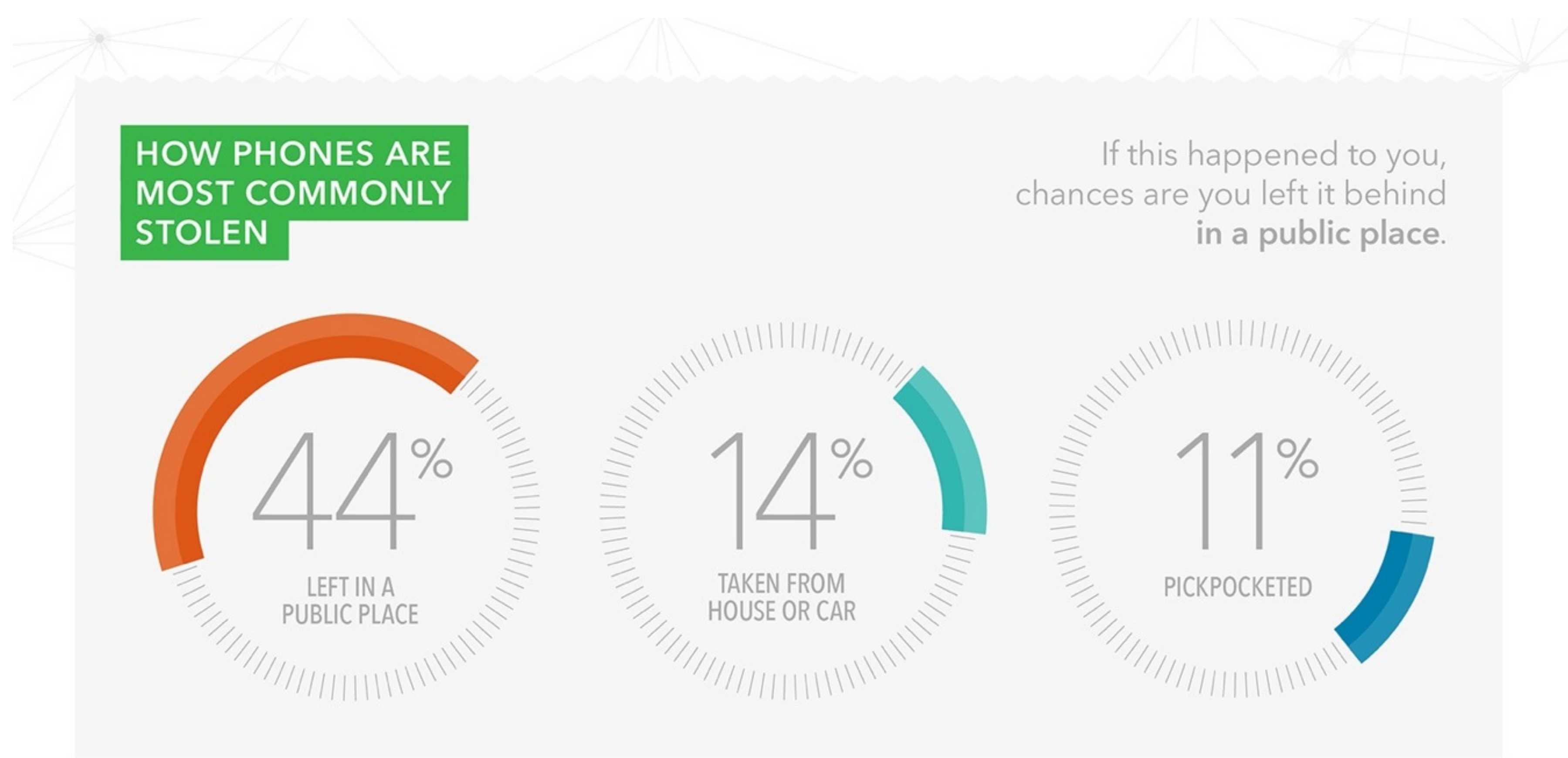
People turn to vigilantism:

- 68% of phone theft victims are willing to put themselves in some amount of danger to retrieve a stolen device and the personal information on it.

Like an Annoying Brother, Phone Theft Just Won't Go Away

The FCC reports that upwards of 40 percent of theft in major U.S. cities involves cell phones, and Lookout's survey found that just over 1 in 10 smartphone owners have been victims of phone theft. But when, where, and how do smartphone thefts happen? We set out to answer this question and connect the dots to determine the common denominators of a phone theft occurrence.

As it turns out, Americans are forgetful people. The majority of phone theft victims, approximately 44 percent, experienced a theft because they accidentally left their phone behind in a public setting where it was later snatched up by a thief. Traveling to Europe? Your inklings to keep your phone tucked away are warranted. Europeans are more likely to be victims of pickpocketing than Americans (roughly 28% in Europe versus 11% in the U.S.)



Source: Lookout and IDG Research survey of 500 American victims of smartphone theft. March 2014.



Urbanites may be surprised to learn that the bus or subway is not the most common place for phone theft. Sixteen percent of phones are stolen in restaurants, and chances are it was an iPhone (39%) or Android device (37%) - the most attractive handsets for thieves.

TOP 5 PLACES WHERE PHONE THEFT IS MOST LIKELY TO HAPPEN

Urban dwellers may be surprised to learn that the bus or subway is **not the most common place** for phone theft.



Source: Lookout and IDG Research survey of 500 American victims of smartphone theft. March 2014.

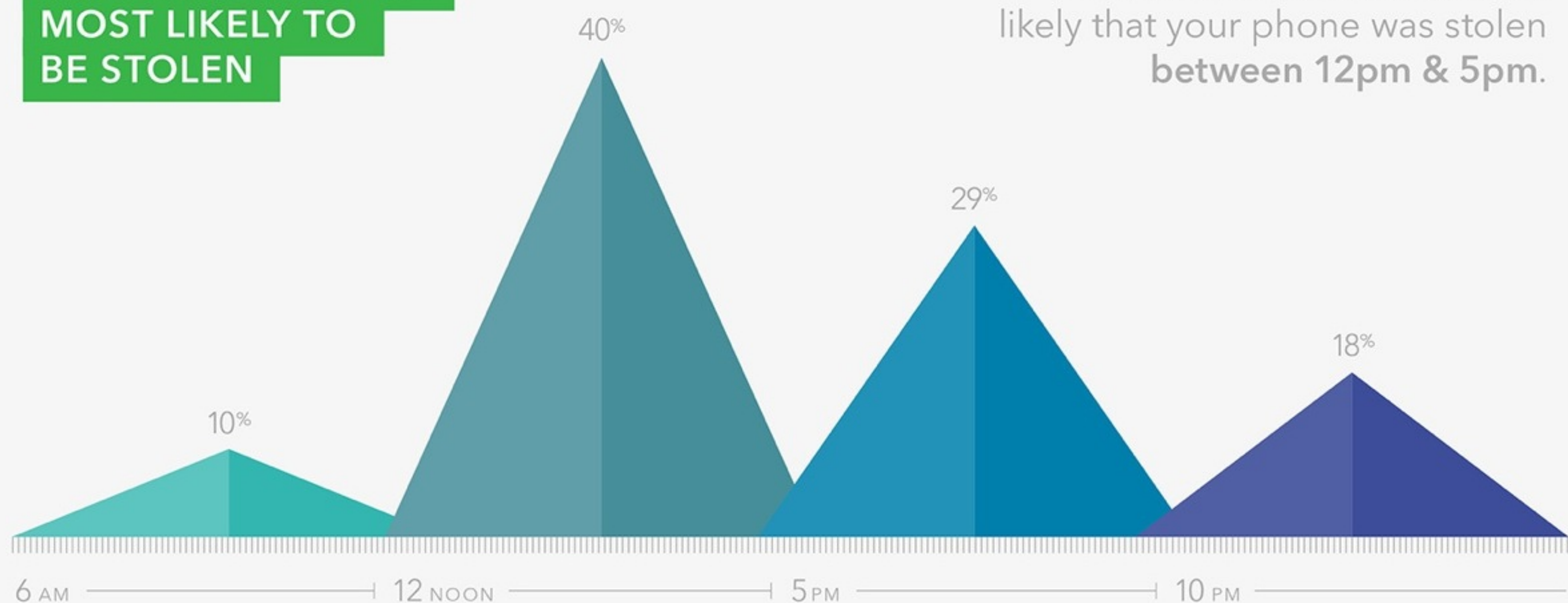


While 55 percent of thefts happen in an urban environment, one third of phone theft incidents occurred in suburbia. Still, 15 percent of urbanites reported that they had two smartphones stolen.

And perhaps most surprising: the late night hours are not the most common time for phone theft, even in urban areas. Thefts peak in the afternoon hours between noon and 5 p.m.

WHEN PHONES ARE MOST LIKELY TO BE STOLEN

Even in urban areas, it's most likely that your phone was stolen **between 12pm & 5pm.**



Source: Lookout and IDG Research survey of 500 American victims of smartphone theft. March 2014.



The Golden Hour of Phone Theft

Regardless of when your phone was stolen, time is of the essence to recover it. Only 25 percent of phone theft victims noticed their phone was stolen immediately, and roughly 1 in 2 victims noticed in the first hour.

Chances are, the sooner you discover your phone is missing, the higher likelihood you'll get it back. The golden hour after the theft occurs is key because, let's face it, thieves are sneaky! To avoid being tracked, thieves take common actions seconds after stealing a phone, like immediately powering it down, putting it on airplane mode, or removing the SIM card. This prevents the owner from calling or tracking it. While 90 percent of phone theft victims take steps to recover their phone, only 32 percent of all victims are successful in recovering it.

90% of victims take steps to recover their phone; only 32% of all victims are successful

It's What's Inside That Counts

Most likely, your attachment isn't to just the physical phone, but also to the contacts, photos, videos, apps, and data it stores. And when that information goes missing, you can experience anything from personal or confidential company data loss to fraudulent charges and even identity theft. That's precisely why 50 percent of smartphone owners would be somewhat likely to extremely likely to pay \$500 -- excluding the cost of the physical device -- to retrieve their stolen phone's data, while one third of Americans would be somewhat likely to extremely likely to pay \$1,000. Even then, only 13 percent of respondents actually wiped the data off of their phone remotely.



Source: Lookout and IDG Research survey of 500 American victims of smartphone theft. March 2014.

Lookout

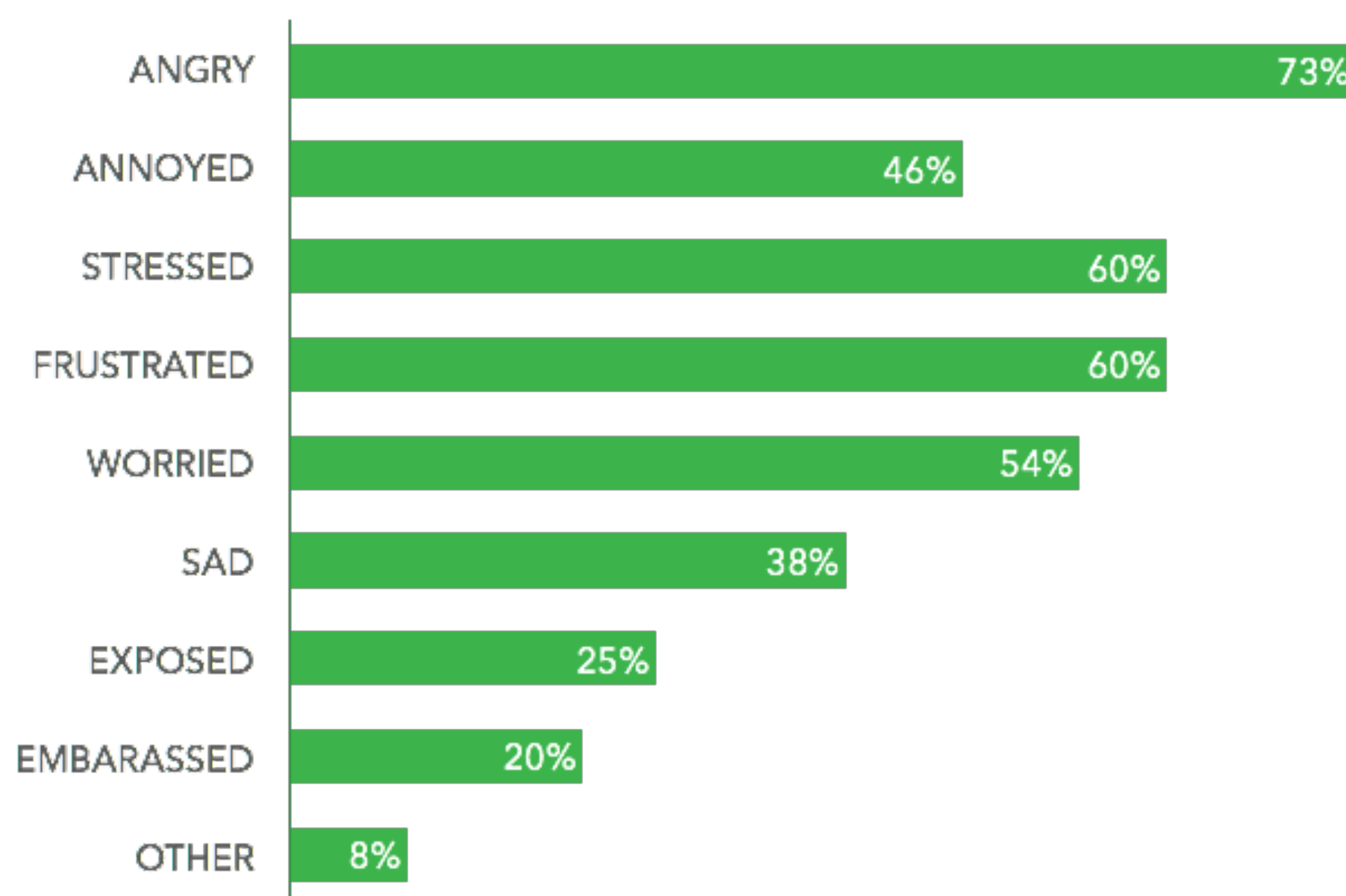
Lookout

Consequences of Phone Theft

- 1 in 10 people report loss of confidential company data
- 9% experienced identity theft
- 12% experienced fraudulent charges on their account

Emotions derived from a phone theft experience range person to person and by sex. The most common include anger, stress, frustration, and worry. Women are significantly more likely than men to feel stressed (68% vs. 49%), frustrated (63% vs. 56%), worried (61% vs. 44%), sad (46% vs. 27%), and exposed (30% vs. 17%).

EMOTIONAL REACTION TO PHONE THEFT



 Lookout

When a Phone is Stolen, People Take Action

When it comes to your phone, you're willing to take initiative to get it back. While vigilantism is never a smart response, Lookout found that a vast majority - nearly 70 percent - of victims are willing to put themselves in some amount of danger to retrieve a stolen device and the personal information it carries. And, who said women are timid? Females are nearly just as likely as men to put themselves in some amount of danger to recover a stolen smartphone (66% versus 72%)

HOW MANY OF US WOULD PUT OURSELVES IN DANGER

While vigilantism is never smart, **68%** of victims would put themselves in some amount of danger to retrieve their phone and data.

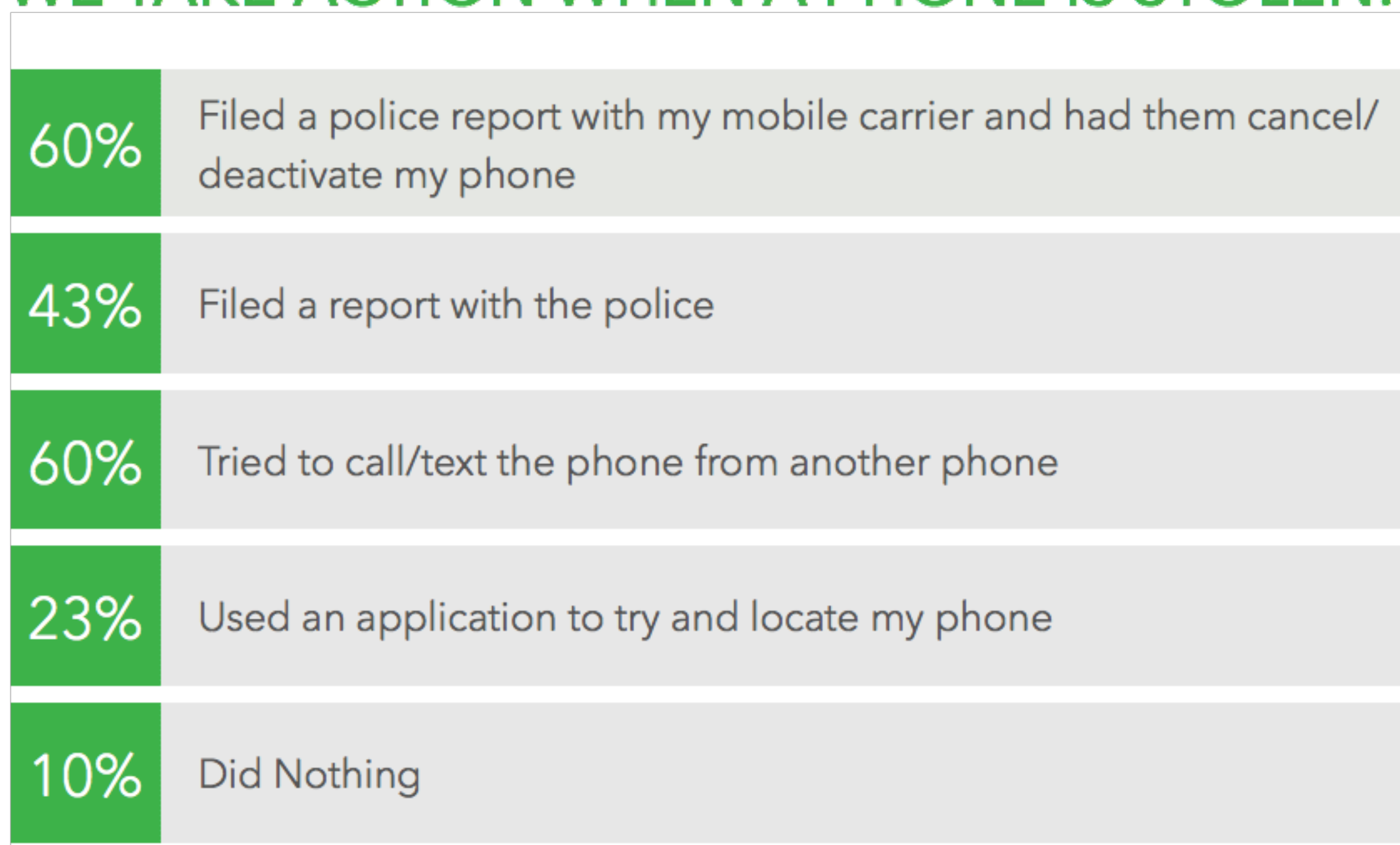


Source: Lookout and IDG Research survey of 500 American victims of smartphone theft. March 2014.



An overwhelming 90 percent of phone theft victims say they took action to recover their phone. iPhone owners and younger respondents tend to turn to technology as their saving grace. These groups are more likely to use apps to attempt to locate their phone, lock the phone remotely, and wipe the data remotely. Just 10 percent of Americans chose not to take any steps to recover their phone, most commonly admitting it was because they were unaware anything could be done (45%) or they didn't know what to do (43%). Additionally, 40 percent of phone theft victims were unaware their device had an IMEI, or unique identification number -- the primary way to blacklist a stolen phone.

WE TAKE ACTION WHEN A PHONE IS STOLEN!



Once you've played the victim before, you're not willing to play the victim again. An overwhelming amount of victims are extremely likely to take precautions with their phone and the data it carries in the future.

Better Safe Than Sorry

- 70% of victims are likely to do research on security features when purchasing a new phone
- 76% of victims are likely to download a mobile security or "find my phone" app
- 80% of victims are likely to set a pin or passcode on the lock screen of their new phone to prevent intruders

Conclusion

While the prevalence of smartphone theft has indeed increased in recent years, the good news is that the right people are starting to take notice. In 2013, government officials in New York, San Francisco, and London spearheaded the Secure Our Smartphones initiative, which has advocated for features that permanently disable a phone once reported lost or stolen. In April, CTIA, The Wireless Association, announced the Smartphone Anti-Theft Voluntary Commitment, dictating that all smartphones manufactured for sale in the United States after July 2015 must have "kill switch" technology. This is a system for remotely disabling smartphones and wiping their data. A kill switch is definitely a step in the right direction to deter smartphone thefts across the country (and hopefully the world) and we commend the continuous efforts from the industry to protect smartphone users.

This is a complicated problem that needs to be solved by tackling it from multiple angles. While there isn't one single solution that is going to alleviate phone theft, the problem can be stifled with industry collaboration, technology, and widespread awareness for how to stay safe.

Tips for Consumers

So what can you do? Smartphone owners can take a number of steps to prevent phone theft and keep their personal data safe if their devices do fall into the wrong hands:

- **Place a pin or passcode on your device and** download a find my phone app like Lookout, which allows you to remotely locate your device, lock it down, and wipe it before a criminal can access sensitive or personal data.
- **Be alert and be cognizant of the whereabouts of your personal belongings.** A distracted person texting, listening to music, or talking on their phone is a prime target for thieves. Also, be cautious about leaving your phone out when you're in a public place -- even if you're just running to the cafe counter to grab your coffee!
- If your phone is stolen, **use an app like Lookout** to:
 - Find a lost or stolen phone on a map or make it "scream" a loud sound
 - Remotely lock and wipe your data (before a thief has a chance to access sensitive info)
 - See who has your phone. If someone incorrectly enters your password three times, Lookout's Lock Cam feature uses your phone's front-facing camera to snap a picture of the culprit and sends that photo and a map of the thieves exact location to your email.

Tips for Consumers continued...

- **Immediately report the incident to the police** and provide them with as much information as possible. Next, contact your mobile carrier to file a report or insurance claim. Do not under any circumstances pursue a phone thief on your own. Vigilantism is never the answer.

About Lookout

Lookout secures the new generation of mobile computing for individuals and organizations everywhere. With a global network of tens of millions of devices and the world's most comprehensive mobile data set, Lookout provides powerful threat protection that makes the world more secure as it becomes more connected. Lookout's cloud-based platform leverages predictive analytics and machine learning to provide unparalleled insight into malicious and anomalous behaviors, application usage and network dynamics. These insights enable Lookout to counter threats, often before they put data, devices and networks at risk. With partners and customers worldwide, Lookout has offices in San Francisco, London and Tokyo.