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**Mobile Consumer Survey 2016  
Snapshot – The Australian Cut**

Hyper connectivity: Clever consumption

# Foreword



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**It is hard to believe that January next year will mark ten years since the launch of the first full touchscreen smartphone – our most beloved device, personal assistant and constant companion.**

The smartphone really is the hero in our story. This year the Mobile Consumer Survey 2016 – The Australian Cut report dives into six key themes at the intersection of our favourite device and the mobile consumer. We also bring to life the core themes of the report through enhanced insights 'under the smartphone spotlight' – that further delve into the evolving, hyper connected and cleverly consuming mobile consumer.

The survey looks at the continued rise in smartphone penetration locally and globally – as we head toward a **'peak smartphone'** environment in Australia. We discuss what will likely be the final up-tick in penetration rates here in Australia, as network operators switch-off their 2G networks, forcing the last remaining feature-phone users to convert to smartphones in the coming year.

**The Internet of Things (IoT)** continues to be a much hyped and anticipated area of interest in both consumer and business technology circles. But all the hype has not yet translated into consumer reality just yet. Connected entertainment devices remain the driving factor to what is still a rather embryonic IoT market in Australia. We are not yet seeing consumers buy-in to or take advantage of the multitude of connected home devices available on the market (for a number of years now).

From a **continuous consumption** perspective, over three quarters of Australians are now on a 4G network which has both fuelled and helped to surge our collective and continuous data appetite. This growing hunger for more data and an always-on mindset is shaping consumer purchasing behaviours and their growing expectation for better quality networks and much larger mobile data plans – all for a lower price.

When it comes to mobile consumers being **digitally disrupted**, we have explored the range of interactions and distractions that effect our daily behaviours and consumption patterns. And without question, we are increasingly being distracted by our favourite device. Australian mobile consumers interact with their smartphone 480 million times a day – that’s a 40 million increase over last year’s survey. We are spending more time with our phone during all hours – including in the middle of the night and in social situations that once would have been a no-phone zone.

**Biometrics and mobile payments** are quickly gaining traction with mobile consumers and being seamlessly incorporated into many authentication and payment processes. One in three Australians has a fingerprint scanner on their smartphone. Almost 70% regularly use this capability – a significant and sudden uptake and one that has implications across all aspects of the mobile consumer experience.

We have foreshadowed the ‘slow death of voice’ in prior reports and called out the rise of the ‘data exclusive’. **The phone is not for calling** looks into these trends and how they are continuing to pick up speed here in Australia and globally. This year nearly 30% of mobile consumers do not regularly use their phone to make a voice call. We are however ‘in contact’ and communicating more than ever – through the many data based communication channels enabled by our smartphone including text messages, emails, instant messaging and video calls.

This year, once again, Australians have demonstrated our growing and rather clever ways of consuming more – content, experiences, mobile purchases, communications, and data. Mobile consumers have shown they are increasingly hyper connected and require devices, applications and networks to keep up with our ever expanding expectations.

We hope that you find this year’s set of insights useful, and we welcome further conversations based on the content included in the report or to explore the full data sets available from the survey.

It’s great to connect.



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# Impacts on industry



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*What do our insights and analysis mean for your industry?*

From hyper connectivity to clever consumption, we take a look what the survey results reveal through an industry lens – across the Public Sector, Financial Services, Energy and Resources, Healthcare and Consumer Business.

# Public Sector

**Across the public sector landscape, we're seeing a consistent expectation that every transaction should be browser enabled and responsive – irrespective of the device. Citizens, consumers and organisations as a whole are always looking for ways to make processes and transactions more seamless and integrated.**

As the public sector continues to grow and mature, there will likely be a move towards having more services digitised across the board. This moves the smartphone front and centre stage, as services and information will need to be responsive and accessible across all devices.

As the mobile consumer landscape continues to evolve rapidly, the public sector will need to assess what can be done to harness the power of a digital currency. Smartphones are at the epicentre of our daily lives and might hold the key to driving significant efficiencies and reforms. If we think about the process of infringement management, the smartphone technology available should enable them to be paid on the spot – without investing the need for services to chase payments and collections.

This integration of technology within the public sector might see an increasing focus on the smartphone as a valuable tool.

The public sector will also need to balance the role of policies, regulations and frameworks in managing the frenetic rise of technology and disruption. Having the right regulations in place to deal with a diversity of digital issues is a focus area for policy makers – as we move to an era where the smartphone dominates our daily existence.

In the sphere of automation, biometrics and fingerprints, there is a key focus area on alerts and notifications for the public sector to pay attention to. This could range from reminders to renew a driver's licence through to prompts around paying for any upcoming registration. Consumers will increasingly expect to be able to make payments via processes that embed their accurate and up to date details.

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# Financial Services

**When putting the smartphone under the financial services spotlight, a primary area for focus is mobile payments, either through apps and browsers, or using NFC. As the industry continues to evolve rapidly against a backdrop of increasing technological changes and smartphone innovations, payments will be an area to watch.**

A number of innovations have emerged in the past five years that leverage mobile devices and connectivity to make payments simpler and more valuable, these include digital wallets to automated machine-to-machine payments.<sup>1</sup> The industry will need to grapple with what this means for the future and how businesses can keep up to date with improvements and enhancements – to drive efficiency of payment methods and an integrated approach. Consumers will increasingly demand accessibility and ease of payment as a standard requirement across transactions.

1. The Future of Financial-Infrastructure, The World Economic Forum in collaboration with Deloitte, 2016

The continued disruption of payments will likely drive further innovation and renewed focus on the client relationship. Innovative solutions to payment are increasingly offering value-add functionalities that go beyond the mere act of payment, thereby enabling merchants and financial institutions to interact more closely with their customers. Outcomes of this further knowledge might contribute to prolonging the client interaction through loyalty programs, discounts, offers and a more tailored client experience. The point of payment becomes the opportunity to further understand the needs of the client and whether there are specific solutions across financial services that might assist.

This changing mobile landscape might also herald more questions than immediate answers. With payments being more integrated into apps such as social media – what does this mean for the relationship that banks have with customers? As disruptors continue to shake up the market, who will emerge as the lead relationship contact for consumers? What role will trust, efficiency, accessibility and profitability play?

Another key area for financial services and the impact of the smartphone will be the insurance sector – with 2016 shaping up as the inflection point for InsurTech.<sup>2</sup> Across the wearable devices segment, smartphones are increasingly able to connect with and aggregate data from these items, tracking a user's lifestyle, vitals and specific insights. All of these data points might then allow insurers to tailor products that are customised to a person's specific needs.

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# Energy and Resources

**Is the smartphone fuelling a change in the Energy and Resources landscape? We're seeing key themes from our Mobile Consumer Survey 2016 that have direct implications for the Energy and Resources sector.**

The current state of smartphone penetration means that connectivity and accessibility will continue to rise, thereby promoting consumer demand for the way in which the utilities such as power, gas and water are consumed within the connected home. This directly brings to life a focus on the Internet of Things (IoT) and the extent to which the home environment will continue to change as consumers drive changes in demand and consumption through more interactive devices and in-home applications.

The enablement of mobility, telecommunications and smartphones paint a powerful picture of what might be possible in a fully connected home environment. Fixed assets such as power, water and gas are being disrupted more than ever, as consumer expectations and demands drive changes to the way people interact with technology in their home.

The smartphone is becoming the key device in the hands of the consumer, able to control a range of functions the utilities provide. The increasing ability to respond to more distributed grid technologies such as micro-grids, micro-generation, and non-traditional energy sources such as renewable energy in the form of solar, wind and emerging technologies will be enabled through the innovations in mobile technology.

Beyond the energy impact around the connected home, we're also seeing a broad digital disruption in the power and utilities sector— as new technologies shape the way in which energy and resources are sourced, distributed and acquired.

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# Healthcare

**Is the smartphone becoming the heartbeat of connectivity for the healthcare sector?**

**We are seeing a number of our providers both public and private launching 'Virtual Care Delivery' initiatives not only to address access blocks and skills shortages (particularly in rural and remote areas) but also to align with patient centred care delivery. This will necessitate both a transition of operating models but also both public and private insurance funding models which currently constrain the extent of uptake in Australia.**

Across this landscape we're also seeing that there is a significant change with families of the older demographics insisting they have a mobile phone with them at all times for safety reasons. For some, the smartphone allows the elderly to stay in their homes for longer. Rather than moving to residential aged care facilities, some are able to maintain living at home – using the smartphone as a way to connect to any needed services and to sustain their independence. As the population gets older and transitions from residential care into supported aged care facilities, the smartphone is providing the elderly with a continued connectivity to other services and support.

This brings to life the theme around the Internet of Things (IoT), with healthcare a prime sector for the way in which this can be extended, refined and enhanced. Remote monitoring and support through smartphones might pave the way for a new framework of services. From a communication perspective, patients in assisted living facilities or even in a hospital situation might decide to use a 'show me' rather than 'call me' approach, harnessing the power of video to see and connect with loved ones rather than the traditional phone call.

As the future unfolds with technology merging into healthcare innovations, the smartphone's connectivity with external wearable devices is likely to play a key role. From insulin pumps through to embedded devices, wireless communications and robotics are likely to be areas of continued development, debate and regulatory discussion.

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# Consumer Business

**In a hyper connected world filled with clever consumption, what's next for consumer business?**

Fuelled by the revolution of smartphones, we have already seen the pervasive digitisation of the path to purchase. Consumers nowadays seamlessly interact and switch between digital channels and physical stores. Alternative payment platforms leveraging mobile have started to become the norm.

The next exciting wave that builds on the mobile consumption growth, is the connection that the consumer will have with the physical product in the coming years. Particularly when the product truly matters to them.

Consumer electronic companies were one of the first to jump on the Internet of Things (IoT) in the physical product. Home owners could start to interact with their dishwashers, security and lights by using their mobile phones and information on usage was made visible with a touch of a button. We have watched this trend of the connected home evolve and couldn't help but feel somewhat disappointed with the relatively slow pace of adoption locally and globally. One of the questions we can ask ourselves is whether the consumer cares enough about the value add – convenience, sustainability and lower electricity bills.

What has seen a rapid adoption is the use of personal health and fitness mobile apps supported by wearables. That growing knowledge thirst of consumers on personal health includes food and implications of food intake. Imagine what could happen if we extend the concept of connected product to areas that the consumer does care about, being personal health and food?

That future might paint a powerful picture of being able to scan certain food and beverage products with our smartphone and have the nutrients, implications and outcomes revealed in terms of what exercise or steps should accompany the meal or what balance is required for optimal wellbeing and personal benefit. Smart packaging can involve the ability to alert a consumer around the quality, condition, expiration or optimum time for consumption. That expensive bottle of wine in your cellar may not be at its best at 2019 as indicated by your wine merchant, but will perhaps reach its peak this year based on the transport and storage conditions. Imagine the benefit of having that information at hand.

The consumer electronics space may have lead the way in terms of digital integration but we are reaching a point where the food and beverage industry starts to follow suit. The extension of the Internet of Things (IoT) to the *Internet of Food* might herald a wave of increased focus on education and connectivity around products and food consumption.

In an increasingly competitive market with brand equity at its lowest point, this is the time for consumer businesses to consider value added digital services to the consumer, and the way in which digital interactions can take consumer engagement at the point of sale or consumption to another level.

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