May the phone be with you!
Global Mobile Consumer Survey
The Finnish Perspective 2016
The smartphone user base is approaching an unprecedented peak. No other personal device has had the same commercial and societal impact as the smartphone. While the base may plateau, relentless innovation continues at device and network levels. Devices are likely to incorporate more functionality and get even faster. It’s 2016 and we can update one of the most known movie quotes: “Houston, we have a phone.”

Deloitte’s Mobile Consumer Survey provides unique insight into the mobile behavior of nearly 53,000 respondents across 31 countries globally, with the sample for Finland covering 1,000 respondents. We are proud to say that this makes the survey one of the largest information sources of its kind.

We hope that you find this set of insights useful, and please do not hesitate to reach out to us for further conversations based on the content or full data sets.

Jukka-Petteri Suortti
Head of Technology, Media & Telecommunications Consulting in the Nordics, Deloitte

“No other personal device has had the same commercial and societal impact as the smartphone.”

-Jukka-Petteri Suortti

Welcome to the Finnish version of Deloitte’s Global Mobile Consumer Survey
Smartphones and other technology devices are more embedded in our lives than ever before. According to Deloitte’s Global Mobile Consumer Survey 2016, 80% of Finnish consumers own or have access to a smartphone. Even though standard mobile phones still do exist among Finnish consumers, nearly all young Finns have a smartphone. Of Finns aged 18 to 24 97% either own or have access to a smartphone, while the corresponding percentage among consumers aged 55 and over is 67%.

The tablet was the future once and still is one of the most successful consumer products ever. We see a modest increase in tablet penetration, but firmly believe that its popularity is reaching a plateau.

Approximately 52% of Finns now own or have access to a tablet, while the corresponding percentage in 2015 was 49%. Tablets are no longer perceived as optimal all-purpose digital devices, but rather a welcome, yet not mandatory, complement. It is now the ‘third wheel’ of connected devices, good to have, but lacking both the portability (and personality) of the smartphone, and the power and input precision of the laptop. Tablets are likely to remain more ubiquitous than most other recent digital devices, including smart watches, eReaders, and fitness bands, but it is unlikely they will ever fundamentally replace the laptop or smartphone.

Over the past years we have seen a great increase in smartphone penetration among Finnish consumers and it is evident that the smartphone has become one of our most precious and most desired companions, rarely leaving our side.
Laptop penetration remains well ahead of smartphones

Joskus, jos mitkäkin seuraavat laitteet olet omassa tai olet sopivan helposti käyttöön?

Nearly 30% of Finnish respondents claimed that the total monthly subscription cost was the primary reason for choosing their current operator. Finnish consumers value transparency in telecommunications service pricing and want to know beforehand what their monthly bill will be. Over 20% of respondents stated that transparency of billing is the main reason for choosing their current mobile operator. Hidden or surprise costs from mobile operators are neither valued nor accepted.

Additionally, mobile operators have been heavily marketing and bundling their services to Finnish consumers and, arguably, they have succeeded. Nearly 50% of respondents already have home broadband access from their mobile operator. However, interest towards bundling the services is remarkably low. For example, in 2016, only 5% of respondents are interested in adding a home broadband connection to their existing package.

We can conclude that mobile networks in Finland offer very high speeds and many consumers see no need for a home broadband connection – they simply use their phones as hotspots. Operators are fueling this habit by offering mobile broadband connections for home use. Another factor is the relatively low penetration of fiber optic networks (1), limiting operators’ ability to offer fixed broadband with speeds in excess of ADSL (24 Mbit/s) (2).

Over the past years, we have seen that cost has been the most important factor when choosing a mobile operator, and there is no change this year either.

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Free worldwide roaming on the wish list

The highly competitive nature of the Finnish mobile market has made unlimited data packages the norm in Finland. Finns are not used to worrying about data caps and Wi-Fi hunting is an activity not known to Finns; they just use mobile networks whenever and wherever they are. With international travel becoming ever more popular, and many of us wanting to stay connected with family and friends around the world, free world-wide roaming is understandably at the top of the wish list.

Finns want the same convenience and predictability abroad that they enjoy at home. A fifth of respondents would like to add free world-wide data roaming to their existing service package and it is clear that demand for this kind of feature will be on the rise in the future. This is no surprise as mobile communication across borders and vast distances can be expensive.

Base: All adults 18-75 who have a phone or smartphone; Total 958
Smartphone purchases remain at a higher level than declared intent to buy

A third of consumers purchased a new smartphone over the past 12 months, yet only 19% had intended to do so.

If the current trend continues, once again a third will purchase a new smartphone in the coming year, despite only 21% declaring intent to buy. For tablets, the same disparity does not exist, with purchasing intent and realized purchases being within one percentage point of each other.

It looks like phone manufacturers’ and operators’ aggressive marketing campaigns are paying off. Phone manufacturers are also publishing new, more powerful models with new features every year, tempting customers into buying a new phone in order to stay up to date. Another reason for unanticipated purchases could be that smartphones are experiencing more wear and tear due to heavy use and simply break more frequently than expected.

Almost two thirds of all phones are either purchased or picked up in-store. Operators sell about 40% of all phones both in-store and online. Electronics retailers have a slightly larger market share of in-store purchases and are up to 36% (24% in 2015) in online sales, only 2 percentage points behind operators. This may simply be another manifestation of Finns’ price-consciousness. Finnish operators do not sell discounted SIM-locked phones and Finns prefer to buy their phones up-front, with only 13% paying for their phones as part of a monthly contract.

Online-only e-commerce websites, such as Amazon, are also losing market share. The reason for this is not entirely clear, but for many Finns the primary driver is the price, which favors in-store purchases over online shopping with packaging, postage and possibly customs fees.

Operators are definitely feeling consumers’ price-consciousness in their churn, with almost 30% having made their last change of operator based on the total cost and almost half stating that their number one reason for considering a different operator is the total cost. Despite this, a quarter of Finns have never changed their operator and another quarter last changed their operator before 2010.

Phones are primarily bought from general electronics retailers in-store, but operators remain strong players as well.

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IoT hype hasn't reached consumers at large

Smart TVs, game consoles, and wireless speakers are the most common connected devices with almost all of the year-on-year growth focusing on the same three devices. Video streaming devices and wearables have a small customer base. Most devices are more popular in the other Nordic countries and it looks like that isn't going to change anytime soon, with purchasing intent in Finland being very low, under 10% for all types of devices.

Most new televisions are likely to be connected devices, whether consumers realize it or not. 91% of Finns watched TV weekly in 2015 (3), whereas most people probably aren't interested in micro-managing their thermostat or toaster. As with most things, it comes down to ease of use: if the current way of doing things works and the smartphone way of doing it doesn't provide tangible benefits, consumers prefer the way they’re used to.

Many non-entertainment IoT-devices still require some slightly more advanced computing skills to set up and efficiently use the devices, making them rather inaccessible for a large proportion of the population. The “killer app” of consumer IoT hasn’t materialized yet, but if history is any indication, it will be entertainment-related.

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#### Smart TVs and consoles are the most popular IoT-devices

<table>
<thead>
<tr>
<th>Device Type</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart TV</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Games console</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Wireless speaker</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Video streaming device</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Surveillance security system and/or camera</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Wearables for tracking/vital signs</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Connected Car system</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>A home appliance that can be controlled</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>A Smart thermostat that can be controlled</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>None of these</td>
<td>52%</td>
<td></td>
</tr>
</tbody>
</table>

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Global Mobile Consumer Survey

Consumers use almost all OTT methods and voice calls more frequently than a year ago, while text and multimedia message usage frequency is declining. Emails and instant messaging (IM) apps are already used more on a daily basis than text messages and are almost on par with traditional voice calls.

Though the increase has been rapid, there is a very significant age disparity. Of 18-24 year olds, over 80% use IM apps, almost 70% use social networks and over half use emails daily, while for 65-75 year olds the numbers are 15% for IMs, 13% for social networks, and 40% for emails.

On the other hand, voice call daily use is over twice as high and text message daily use is over three times as high for 65-75 year olds as for 18-24 year olds. Usage frequency for these four services changes almost linearly as a function of age. The share of 18-24 and 65-75 year olds who make calls on a daily basis is about the same, 87% and 86% respectively, but 18-24 year olds prefer calling apps and 65-75 overwhelmingly use normal voice calls.

Communication methods that utilize mobile phones’ data connection instead of normal calling or text messaging have become highly popular, particularly with flat rate data packages being the norm in Finland.

Over the top communications on the rise, app saturation is a phenomenon

<table>
<thead>
<tr>
<th>I use at least once a day</th>
<th>I use at least once a week</th>
<th>I have ever used</th>
<th>Do not use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instant messaging app</td>
<td>38%</td>
<td>48%</td>
<td>15%</td>
</tr>
<tr>
<td>Social networks</td>
<td>45%</td>
<td>45%</td>
<td>9%</td>
</tr>
<tr>
<td>Messages (SMS)</td>
<td>38%</td>
<td>43%</td>
<td>10%</td>
</tr>
<tr>
<td>Videos or Video messages (MMS)</td>
<td>45%</td>
<td>45%</td>
<td>9%</td>
</tr>
<tr>
<td>Voice calls</td>
<td>51%</td>
<td>51%</td>
<td>5%</td>
</tr>
<tr>
<td>Emails</td>
<td>27%</td>
<td>27%</td>
<td>9%</td>
</tr>
</tbody>
</table>

In addition to verbal communications, smartphones have brought digital cameras into every pocket. Taking pictures is a popular activity, with a quarter doing it on a daily basis, and two thirds on a weekly basis. Social networks are used to share and view both photographs and videos.

Laptops and desktops are still clear favorites for online banking, reading news, shopping and fact finding. An interesting observation is that a number of online purchases start out as browsing on the smartphone, but the actual purchase happens on a laptop. Despite the popularity of social media on smartphones, laptops and even desktops manage to squeeze past mobile phones as the preferred device for checking social media. On the move, navigation is the most popular smartphone activity.

The most common applications used on smartphones are email, Facebook and Facebook-owned instant messaging apps. Other activities for which users prefer apps over browsers are navigation, weather, online banking, music streaming, and games.

Only 15% of smartphone users have installed more than 20 apps on their phones and a full 10% have not installed any apps. The number one reason for not installing more apps is a lack of perceived need. The conclusion is that in addition to the pre-installed apps, which satisfy most needs, there is room for a limited number of apps that satisfy regular and frequent needs of users.

Companies should ask themselves whether their customer base requires an app or not. In particular shopping and travel bookings tend to be things that people prefer to do using a browser and, if available, a computer, meaning that effort should be spent on building and developing a mobile-optimized website instead of an app.

For some businesses, maintaining both a mobile website and app may be unavoidable. For example, frequent flyers will prefer to use an app to manage their travel plans, whereas most people, who travel infrequently would rather use a browser-based version of the same services.

Base: All adults 18-75 who have a smartphone, Total 791 (2016)
Mobile payment still the way of the future

Only a third has used mobile banking and a fifth has used mobile payments, making both considerably less popular in Finland than in the other Nordic countries.

Overall, the younger age groups are more likely to use mobile banking and money transfers, with checking bank balances and transferring money most popular among 18-24 and 25-34 year olds. Paying utility and service bills is most popular among 25-34 and 35-44 year olds.

Despite the passage of the Revised Payment Service Directive (PSD2) and operators showing an interest in mobile payments in Europe and beyond, mobile operators in Finland are more or less pulling out from the mobile payments market. Banks are facing a scenario analogous to telecom operators about 5-10 years ago.

With the requirements of PSD2, Finnish banks will be facing more intense competition in the payments market from companies such as Apple, Google, PayPal, and Samsung. These global players will gain access to customer data and seek to take over the value-added services, leaving the banks to be the bit pipes of the money transfer market.

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The biggest challenge is convincing consumers to adopt mobile payments.

Banks have two major advantages that telecom operators did not have: consumers have an inherent trust of banks and the banks know the change is coming. In order to maintain their strong position in money transfers and payments, banks need to become much more agile in their service and IT development and respond to customer needs and requests more readily.

Banks need to leverage consumers’ trust, provide services that are on par with the competition, and gain customer commitment to the new services.

There is strong evidence that banks have understood that the market is about to change drastically. IT, software, and service developer recruitment is up and banks are providing applications for mobile banking, money transfers using mobile numbers, tap-and-pay, and payment using QR codes.

The biggest challenge is convincing consumers to adopt mobile payments; the most common reason for not using mobile payments is the lack of perceived benefits, with 35% of respondents naming it. In theory, Finnish consumers should be rather accepting of mobile payments, since most payments are already made with credit or debit cards instead of cash. On the other hand, Near Field Communication (NFC) – enabled debit cards are already providing unprecedented ease of use, which might slow down widespread adoption of mobile payments.

A quarter of consumers cite security concerns as a reason for not using mobile payments, down from 37% last year. This trend is likely to continue as awareness and understanding of security measures spreads, in large part due to banks educating their customers and NFC-technology becoming commonplace.
Mobile ads not very effective despite broad exposure

Two thirds of all mobile phone users have noticed some kind of mobile advertising. Video ads, text messages, and banners in apps or websites are the most common forms of advertising.

Despite the large number of ads, ad-blockers are not very popular, with only 9% using them in Finland, Sweden, and Norway. Another 20-25% intend to install an ad-blocker in the next 12 months, but predictably the number of realized installations will be much smaller.

It seems that most of the money spent on mobile advertising is being spent for nothing, at least if one trusts what people say about their behavior. Most people claim to be very unreceptive to advertisements, with receptiveness peaking at 15% for emails from brands that the consumers have subscribed to.

The general picture is that people prefer to choose the companies and brands from whom they receive advertisements. Rather than buying products they see in advertisements, Finnish consumers prefer to use search engines to find products, with search engines being about three times as popular as the next alternative, going to the retailer’s website directly.

Receptiveness is low for all types of mobile ads

Which, if any, of the following forms of mobile advertising are you most receptive to?

- Emails for brands that I subscribe to containing ads, offers, etc.
- A post for a product on my social network from a company that I follow
- Text messages containing ads, offers, etc.
- A banner ad featured as part of the screen in an app/website
- A video ad before watching videos
- Emails for brands that I didn’t subscribe to containing ads, offers, etc.
- A post for a product on my social network from a company that I don’t follow
- A post for suggested apps on my social network feed
- A banner ad taking over most of the screen in an app/website
- A video ad while watching videos
- A message on my instant messaging app

8%
5%
4%
3%
3%
2%
2%
1%
1%
1%
15%

None of the above

Base: All adults 18-75 who have a phone or smartphone, Total Finland 958, Sweden 1906, Norway 988 (2016)
Consumers are showing interest in data privacy, but their actions do not reflect the stated level of concern

Finnish consumers claim to be rather hesitant to share their personal information and usage data with companies. Almost half are not willing to share any usage data and roughly a third is willing to share information, as long as they get to choose what they share and with whom. Current events, such as the European Court of Justice’s decision to overturn the Safe Harbor decision, the European Commission enacting the General Data Protection Regulation and the associated media coverage of data privacy issues have had remarkably little effect on this willingness.

Finns are also less willing to share their usage information than Swedes or Norwegians. Both of these observations can be partly attributed to Finnish privacy protection laws being among the strictest in the European Union, giving Finns an inherent sense that their privacy is valuable.

**Finnish consumers value their privacy more than their Nordic neighbors**

To what extent, if at all, are you willing to share the usage information generated by a device that you own?

- I am not willing to share my usage information at all
- I am willing to share my usage information with some companies as long as I can choose what information to share
- I am willing to share my usage information with any company as long as I can choose what information to share
- I am willing to share all of my usage information with any company
- Don’t know

<table>
<thead>
<tr>
<th></th>
<th>Out of 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>5%</td>
</tr>
<tr>
<td>Sweden</td>
<td>2%</td>
</tr>
<tr>
<td>Norway</td>
<td>0%</td>
</tr>
</tbody>
</table>

Base: All adults 18-75 who are interested in smart devices, total Finland 451 (2015), 589 (2016), Sweden 1309, Norway 739 (2016)

The concern for privacy is also reflected in how little Finns believe they share about themselves online, with almost 40% stating they do not share their information, such as their name, photos, browsing activity or purchasing history, with any organizations online.

Alarmingly, the people who claim to share none of their information, also use e-mail, navigation, social media, and instant messaging apps and shopping websites, all of which collect a variety of usage data and other information. A further quarter of respondents do not know whether or what information they share online. Terms of Use and Privacy Statements are often extensive, written in legalese and notoriously intractable, leading many to simply accept them without reading and with very little consideration.

Many believe they share very little information online

As far as you are aware, which, if any of the following types of information do you already share with at least one organization online?

- My name
- My photos
- Access to my friends/contacts list
- My browsing activity
- My purchase history
- My health metrics measured by my phone/wearable
- I never share any of these forms of personal information
- I don’t know

<table>
<thead>
<tr>
<th></th>
<th>Out of 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>30%</td>
</tr>
<tr>
<td>Photos</td>
<td>18%</td>
</tr>
<tr>
<td>Access</td>
<td>14%</td>
</tr>
<tr>
<td>Browsing activity</td>
<td>12%</td>
</tr>
<tr>
<td>Purchase history</td>
<td>9%</td>
</tr>
<tr>
<td>Health metrics</td>
<td>4%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>37%</td>
</tr>
<tr>
<td>I never share</td>
<td>25%</td>
</tr>
</tbody>
</table>

Base: All adults 18-75 who have a phone or smartphone, total Finland 958, Sweden 1906, Norway 988 (2016)
Part of the problem is companies’ own lack of knowledge and understanding about data collection and utilization, which are also colloquially often known as big data and analytics. To earn the trust of consumers and gain their acceptance for data collection, companies should try to be as open and transparent as possible about what data they are collecting, why they are collecting it, how they are using it, where it is stored, and whether it is passed on to third parties. In order to do this, companies have to develop their own skills and capabilities and demystify the collection and use of data.

Despite the stated interest in security and privacy, many Finns do remarkably little to ensure their devices and the data within are secured. For example, a third doesn’t use any kind of identification method to unlock their phone or authorize payments. Lack of basic security and privacy measures effectively undermines the protection provided by more expensive and complex systems, such as virus scanners, firewalls, and VPNs.

In contrast, in the other Nordic countries, consumers are more willing to share their information, fewer people believe they share none of their information, and more people use available identification methods, such as passwords, PINs and fingerprint scanners.

The Finnish data cut is part of Deloitte’s Global Mobile Consumer Survey, a multi-country study of mobile device users around the world. The 2016 study includes 56,000 respondents across 31 countries, and six continents.

Data cited in this report are based on a nationally representative sample of 1,000 Finnish consumers aged 18-75. The sample follows a country specific quota on age, gender, region, working, and socio-economic status. Fieldwork took place during June to August 2016 and was carried out online by Ipsos MORI, an independent research firm based on a question set provided by Deloitte.

This brief report provides a snapshot of some of the insights that the survey has revealed. Additional analysis such as 4G adoption and usage, smartphone purchase channel, reasons for joining leaving mobile operators, attitudes towards triple/quad play, usage of tablets, and usage of communication services such as instant messaging, SMS, and social networks are available upon request. Results for other countries are also available upon request. For further information about this research, please contact: deloitte@deloitte.fi

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