



Global Mobile Consumer Survey 2014

What is the Norwegian
mobile consumer looking for?

September 2014



It is important to view Norwegian mobile consumers' behaviour in the broader context of digital disruption

Relevant aspects of digital disruption

“MOBILE FIRST”

Businesses across a number of industries are redesigning their strategies and operating models to be “mobile first”

But what does this mean in practice?



Digital disruption

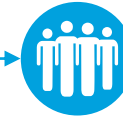
CONVERGENCE OF USERS

Globally, mobile device users are converging across geographies, income levels and demographics

In Norway, we already have similar rates of penetration of mobile devices (e.g. smartphones, laptops, tablets) across society

Convergence in ownership does not mean all users necessarily exploit their devices' full breadth of capabilities

Thus patterns of device usage are likely to stratify



NECESSARY INFRASTRUCTURE

New technologies (e.g. 4G)
Exponential growth in data traffic
Maintenance cost of outdated technologies/networks



DIGITAL TIPPING POINTS

Digital media replaces print
Streaming replaces locally stored media
Online sales channels replace physical stores



The survey results indicate that Norwegian mobile consumers are characterised by six interrelated themes



DEVICE PROLIFERATION: Multiple devices are the norm across all ages and incomes

What devices do they have?



CONNECTIVITY: Wi-Fi is dominant and 4G struggles with recognition and appreciation

How do they connect these devices to the internet?



MOBILE-CENTRIC LIFE: Mobile devices have led to significant changes in behaviour

What place do mobile devices and mobile operators have in consumer's lives?



ENTERTAINMENT AND APPS: Streaming is dominant, free is king, cross-selling struggles

What do they use their devices for now?



MOBILE PAYMENTS: Soon a majority of consumers will want to use mobile payments

Do they want to use their phone as a wallet?



MOBILE ADVERTISEMENTS: Ignored or deleted by most, but varies by demographic

How do they react to mobile advertising?

We see evidence of the impact of these themes in recent news coverage



Alexander Bratt er hengt når han får bruke iPad mens han venter i bilen. Trolingen klikker seg frem til Lego-spill med venner. små Engne. FOTO: SIVILLA GUSTAFSSON/NTB

Nordmenn er ville etter nettbrett

Vi klarer å sette ny, stor nettbrettrekord i fjor også. Nesten en million Brett med nett fant veien fra butikkhyllene til nordmenns hjem. Men hva skjer med PC-en?

Feb 2014: <http://www.nrk.no/livsstil/nordmenn-er-ville-etter-nettbrett-1.11517699>



EKSPANDERER: Etopnemattegen Spotify har planer om å vokse videre i tiden som kommer. Salakapet bekrefter at de vil investere penger også i det norske markedet. FOTO: MARIO TAMJA/APP

Spotify sliter med å tjene penger i Norge

Spotify økte salget i Norge med 43,5 prosent i fjor. Men inntektene falt fra 11 millioner til bare 285.000 kroner.

Jul 2014: <http://e24.no/digital/spotify-sliter-med-aa-tjene-penger-i-norge/23263135>



ENGG: Adm. direktør Arvid Huusli i Telenor Norge og adm. direktør Bjørn Sørensen i Telenor Norge har inngått avtale om regionalisering.

Blar opp 1,1 mrd. for Telenor-leie

Er du Tele2-kunde? Når får du 4G gjennom Telenors mobilnett.

Apr 2014: <http://e24.no/naeringsliv/tele2-betaler-1-1-milliarder-for-4g-dekning/22943581>

Telenor opens Serbia's most available bank



Press Releases: 10 September 2014

Today's opening of Telenor Group's first wholly-owned financial institution Telenor banka in Serbia provides customers with innovative mobile banking services and represents a milestone in the company's development of online financial services and mobile banking in Europe.

The digitalization of cash payments and the convenience of online and mobile banking are expected to stimulate financial and economic growth in Serbia, where some 80 percent of transactions are currently performed in cash. The online bank is set to encourage more consumers of the nation of 7 million people, to save via bank accounts, build credit histories, and pay for transactions digitally versus cash.

Sep 2014: <http://www.telenor.com/media/press-releases/2014/telenor-opens-serbias-most-available-bank/>



Smarttelefoner gjør det vanskeligere å ta seg helt fri i leiren. Barna blir tapere, advoker barnepsykolog. (Illustrasjon: Siri) FOTO: ANNESEN, S&P

Barn blir sjalu på foreldrenes mobil

Jun 2013: <http://www.aftenposten.no/nyheter/iriks/Barn-blir-sjalu-pa-foreldrenes-mobil-7251304.html>

- Mobil større enn papiravisen



I Storbritannia passerer mobilen papiravisen som reklamekanal i 2014. I Norge fortsetter også mobilveksten, viser dagsferske tall.

I Norge er det fortsatt et godt stykke igjen. Mobilannonseringen havner om omtrent én milliard kroner i år mens papiravisene ligger noen milliarder over. I dag kom det ferske reklametal fra de norske mediebyråene og de viser at det ble omsatt mobilreklame for 42,1 millioner kroner i årets første to måneder. Det er 83 prosent mer enn i samme periode i fjor. Det gir mobil en andel på 3 prosent av de samlede reklameinvesteringene, mot 1,6 prosent i fjor. Til sammenligning ble det omsatt reklame for 206,7 millioner i papiravisene, en nedgang på 16,6 prosent. Andelen krympet fra 17,1 til 14,6. Selv om store reklameinvesteringer går utenom byråene, er trenden klar:

Mar 2014: <http://kampanje.com/archive/2014/03/--mobil-storre-enn-papiravisen/>

Device proliferation: multiple devices are the norm across all ages and incomes

Device proliferation: summary of findings

- **60%** of Norwegians own or have access to a smartphone, laptop and tablet
- **Age:** 53% aged 65+ years old have a tablet, compared to 58% of 25-34 year olds
- **Income:** 43% earning under 300 tNOK have a tablet, compared to 75% earning over 800 tNOK
- Only **fitness bands and smart watches** are expected to **grow in penetration**, with **6%** saying they **expect to purchase** these devices in the next 12 months

Implications for industry



- Multiple devices means multiple drivers of data traffic



- What is the next “tablet”-like device for Norway?
- Growth is expected for mobile data management technology solutions



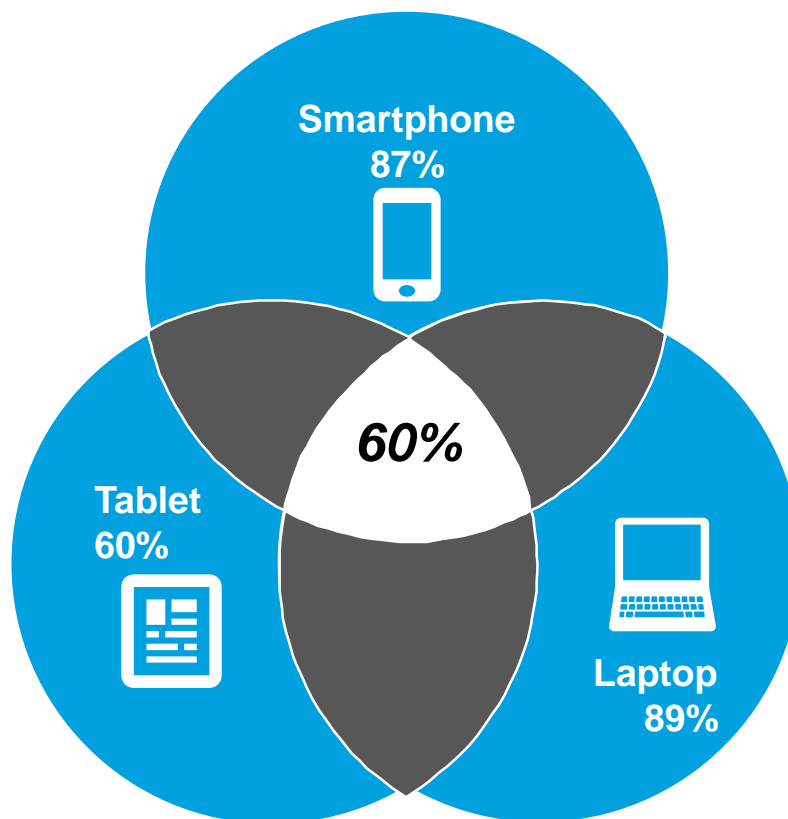
- Content needs to be device agnostic
- Shifting balance of power to consumers as they can choose how they want to consume media



- Necessary to interact with customers through multiple mobile platforms

Multiple mobile devices are the norm, with 60% owning a smartphone, tablet and laptop

Device ownership overlap

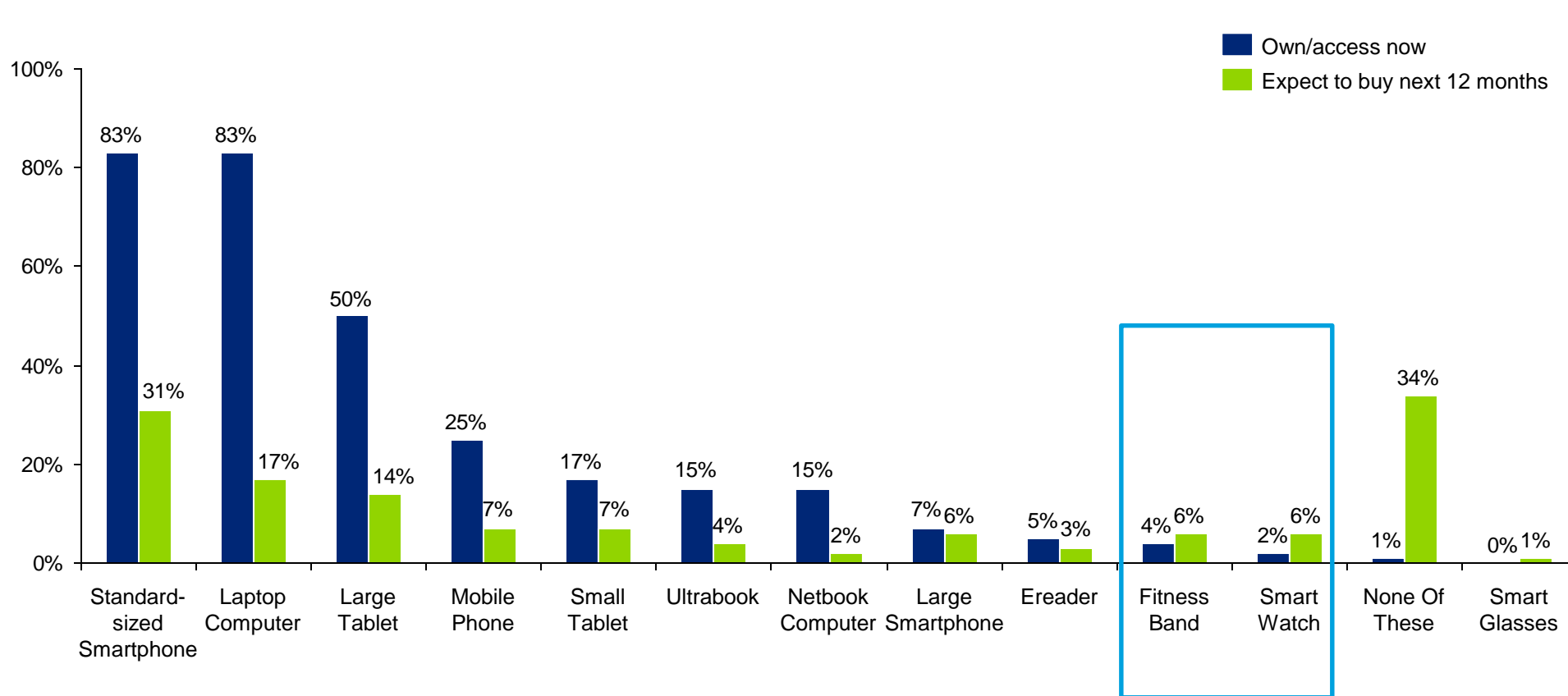


The multiple devices trend is set to continue as new technologies such as smart watches increase in popularity

Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
Base: All respondents, Norway, (2014) 1,000

In the short-term, growth in penetration of devices other than the trinity of smartphones, tablets and laptops is expected to be slow

Penetration rates – current versus expected purchases next 12 months



Further device proliferation is expected to take some years as new technologies progressively gain acceptance

Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
 Base: All respondents, Norway, (2014) 1,000

Connectivity: Wi-Fi is dominant and 4G struggles with recognition and appreciation

Connectivity: summary of findings

- **70-80%** prefer **Wi-Fi** across all their mobile devices
- **73%** use **Wi-Fi** instead of mobile data because it is **free**
- **76%** of consumers **use** their device **more frequently** after subscribing to **4G**, especially to check email, read news and use social media
- **51%** of **4G subscribers** either **do not perceive a difference** in speeds or don't know if there is a difference after they started using 4G compared to previous mobile data speeds
- **33%** without a 4G subscription are **not likely to get 4G**, mainly because they **use Wi-Fi** and/or are happy with their **current speeds**
- However, **30%** of current 4G subscribers likely to **switch operator** based on a **better 4G package**

Implications for industry



- Struggle to recoup costs of 4G infrastructure
- Paradox that 4G appears underappreciated by existing subscribers, conversion of new likely to be slow, but it can still be relevant for churn

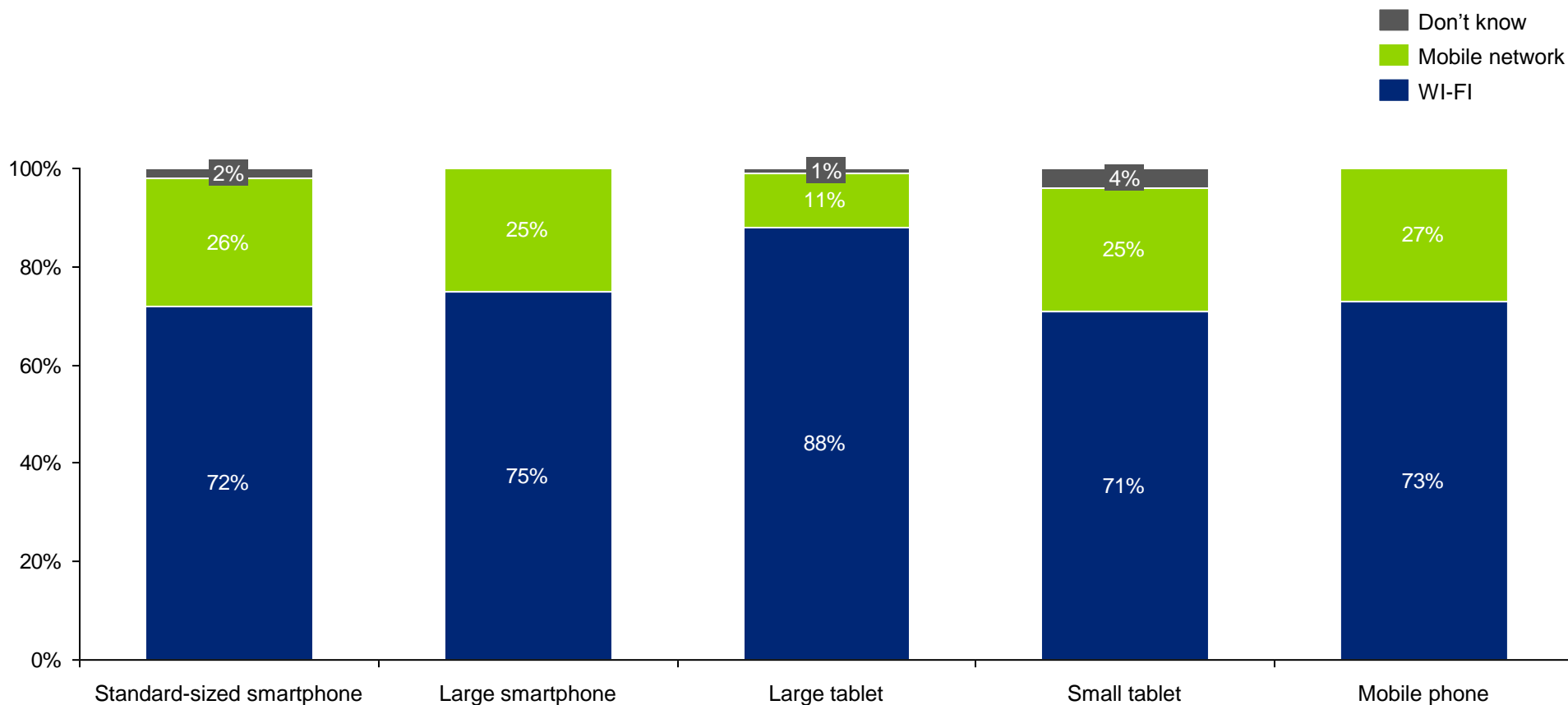



- Media content designed for 4G might struggle in the short-term, but will be necessary
- Potential for content delivery and advertising opportunities through public Wi-Fi hotspots



Wi-Fi is the most often used internet connectivity alternative across all mobile devices

Which types of connectivity do you use most often?



 Mobile data packages may be difficult to sell for large tablets

Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
Base: Varies by device, Norway, (2014)

Mobile-centric life: mobile devices have led to significant changes in behaviour

Mobile-centric life: summary of findings

- **52% check their phone within 15 minutes of waking up.**
- People most **commonly check text messages** after they wake up
- **One in four check their phone at least 50 times a day**
- **25% of 18-24** year olds check their phone at least **100 times a day**
- **45% of 65-70** year olds check their phone **less than 10 times a day**
- **64% of us now use our mobiles** while we **watch TV**; social networks and email are the dominant activities

Implications for industry



- How to best capitalise on selling a device/service which dominates people's attention?



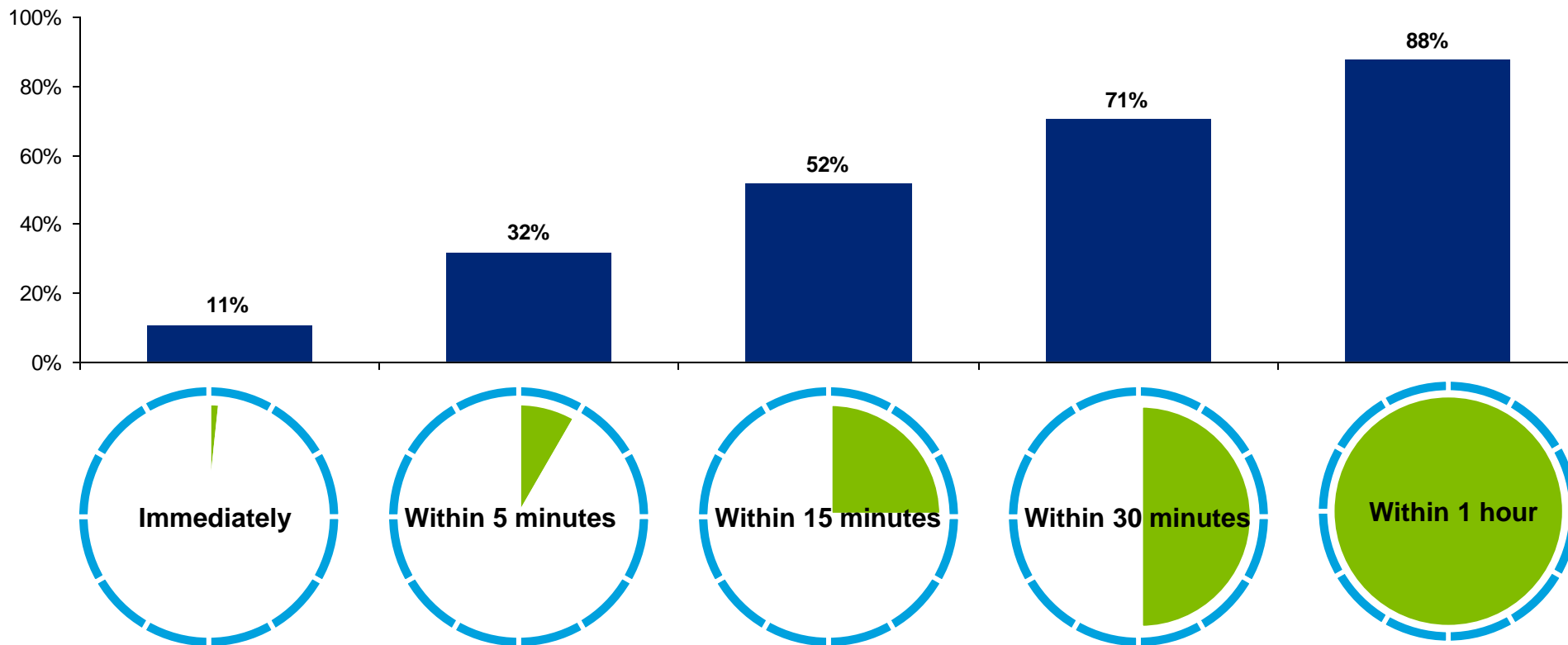
- Wearable technology will become mainstream
- CRM and Big Data applications will become more and more pervasive



- Cross-selling advertising – multi-viewing trend of TV and mobile at the same time
- Content needs to be produced and updated more frequently than in the past

32% of mobile phone owners check their phones within 5 minutes of waking; more than half check within 15 minutes

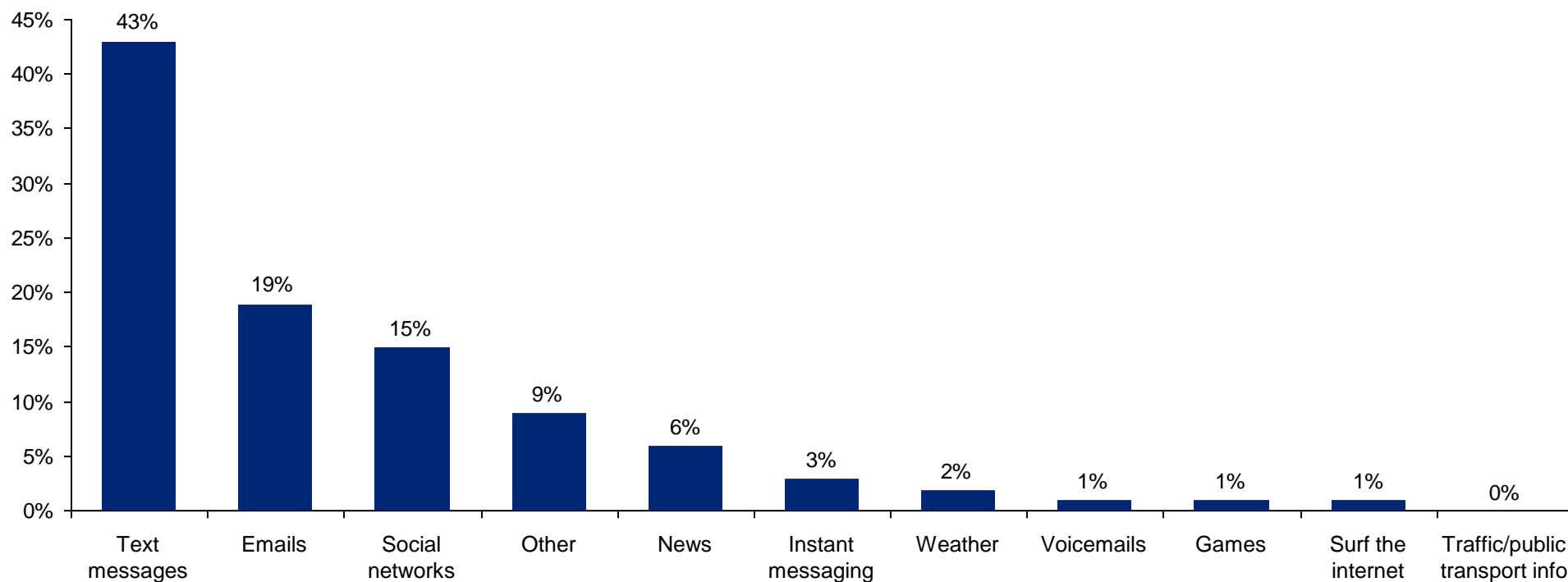
Interval between waking up and looking at your phone for the first time (excl. alarm clock)



Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
Base: All respondents with a phone, Norway, (2014) 967

Text messages are typically the first thing accessed on a phone after waking up, followed by emails and social networks

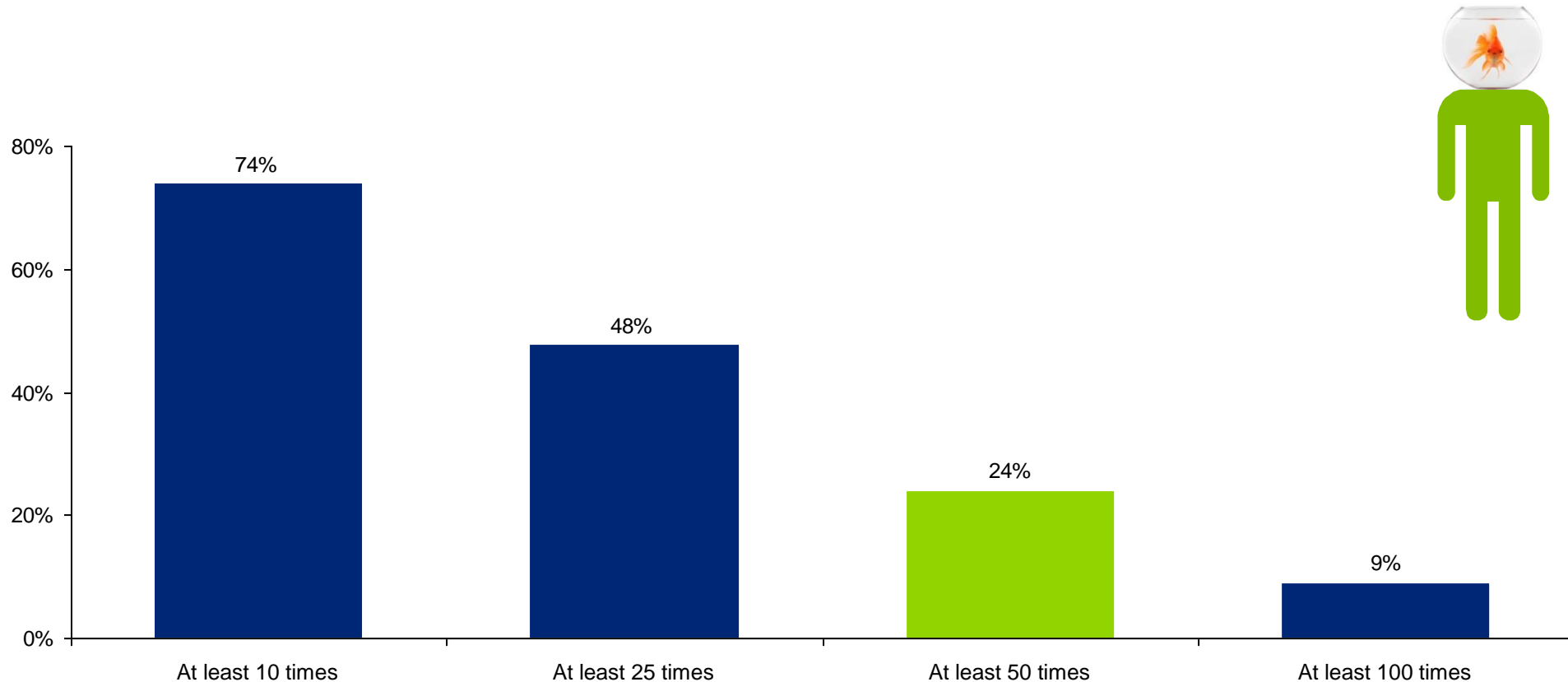
First thing accessed on a phone every day



Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
Base: All respondents with a phone, Norway, (2014) 967

One in four phone owners look at their device over 50 times a day, half look at it at least 25 times a day

How many times would you estimate you look at your phone in a day?



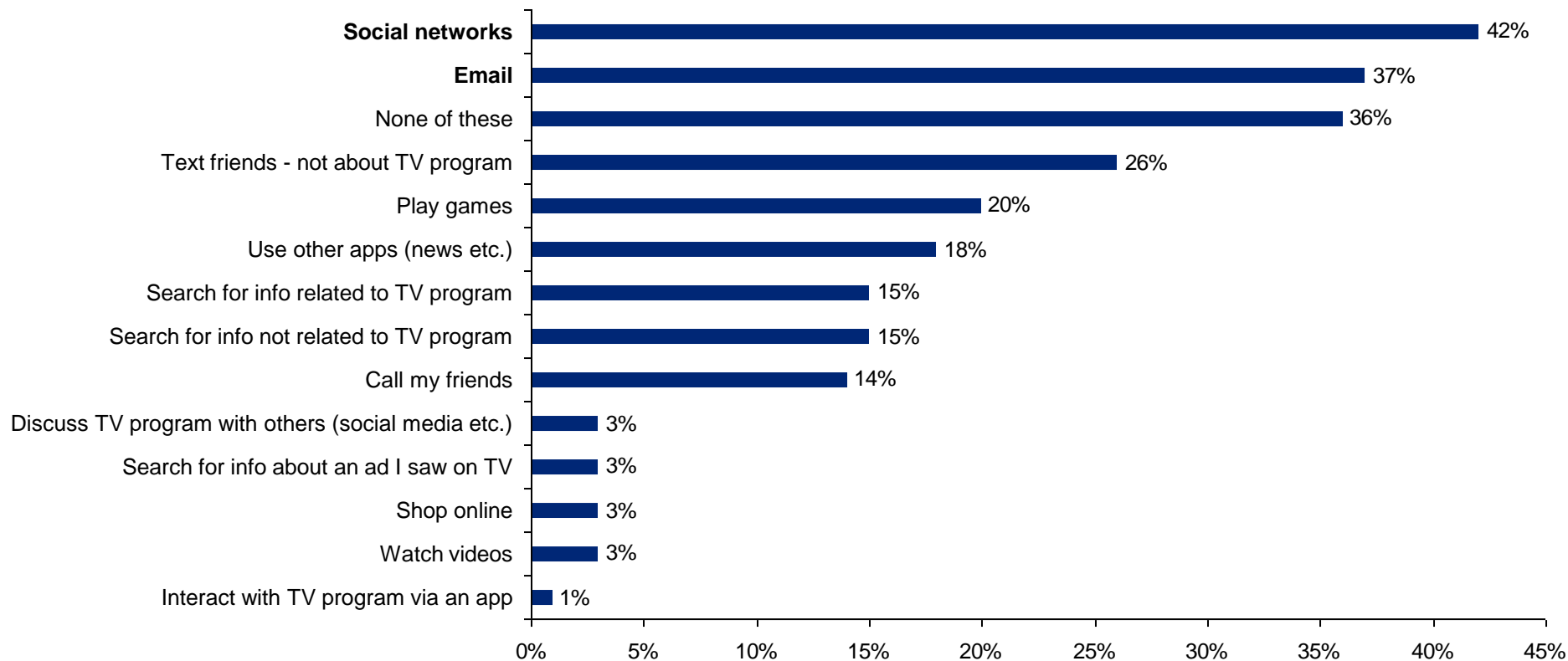
This means 24% of people check their phones at least every 20 minutes on average, 9% every 10 minutes¹

Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
Base: All respondents with a phone, Norway, (2014) 967

¹ Assuming 8 hours of sleep per day. 50/16 hours = ~3.1 times per hour = 1 time every ~20 min

64% of us now use our mobiles while we watch TV; social networks and email are the dominant activities

Which of the following did you do on your phone yesterday while watching TV?



Advertising campaigns will need to be more and more coordinated across channels

Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
Base: All adults 18-75 who connect their phone to the internet, Norway, (2014) 819

Entertainment and apps: streaming is dominant, free is king and cross-selling struggles

Entertainment & apps: summary of findings

- **Gaming** is the most popular activity, **40% play games** with their phone - 48% of women and 31% of men
- **31% stream music** and 30% listen to music stored on phone – **streaming** will become **more frequent**
- **One third** of respondents **downloaded at least one app** in the last month, but only 4% downloaded 5 or more
- **16% spent money** on app-related content, the majority of these spend **less than 50 kr** per month
- **32% are not aware that their mobile operator offers services such as broadband, cable TV or music streaming**

Implications for industry

- Streaming will drive data traffic, but additional revenue through complementary services may also be necessary
- Successfully cross-selling and bundling relies on good customer segmentation

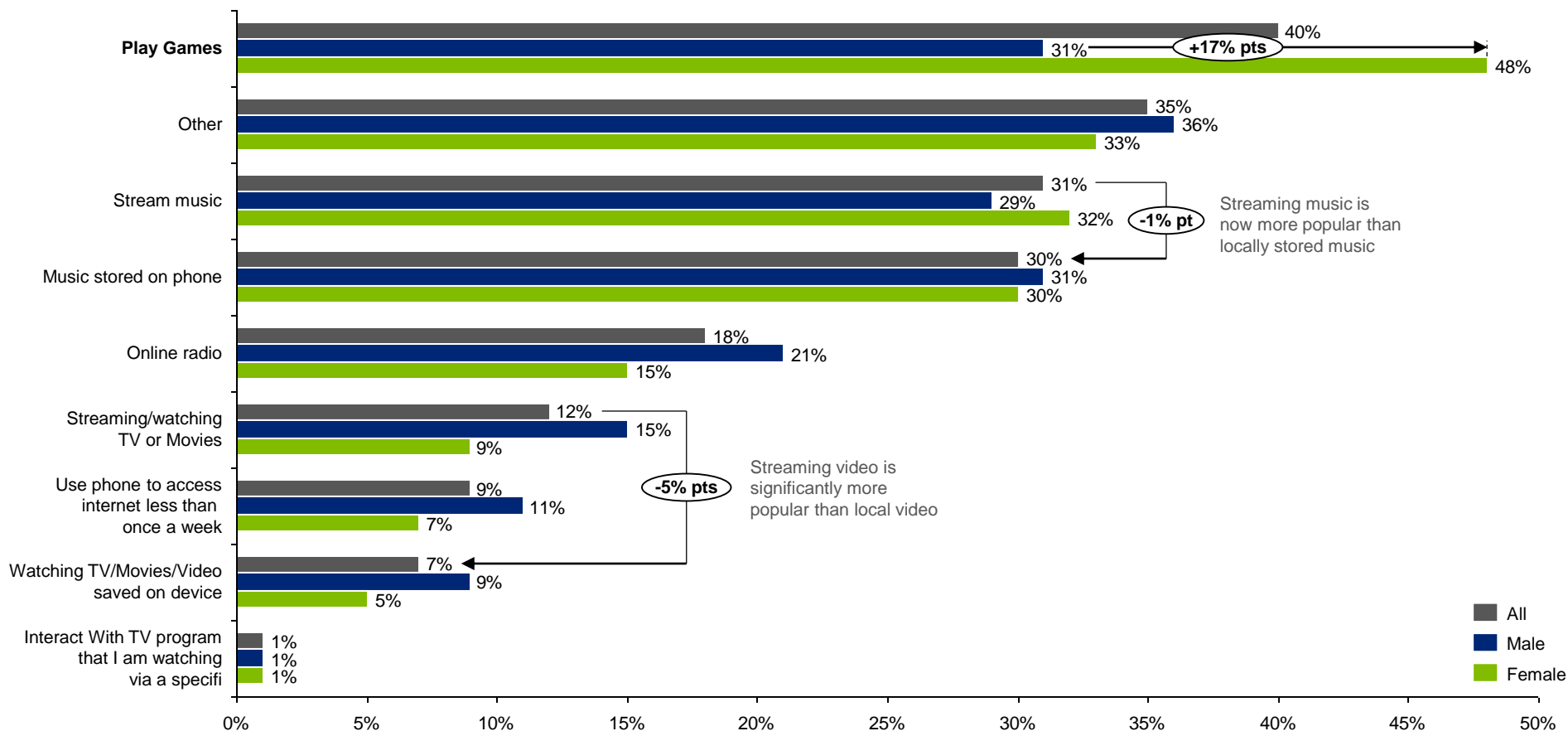
- Streaming technologies, products and services
- Internet browsers designed for mobile entertainment (e.g. Opera Software's Coast) will increase in popularity and importance

- Streaming mobile video as content delivery channel (e.g. VGTV)
- Low rates of app downloads suggests a browser presence may be preferable
- Difficult transition to monetising mobile content

- Innovative payment solutions to lower barriers to purchasing of products/services through mobile devices

Games and music services are most popular, with video used by a niche of the market; some activities vary significantly by gender

In the last 7 days, for which of the following activities have you used your phone for?



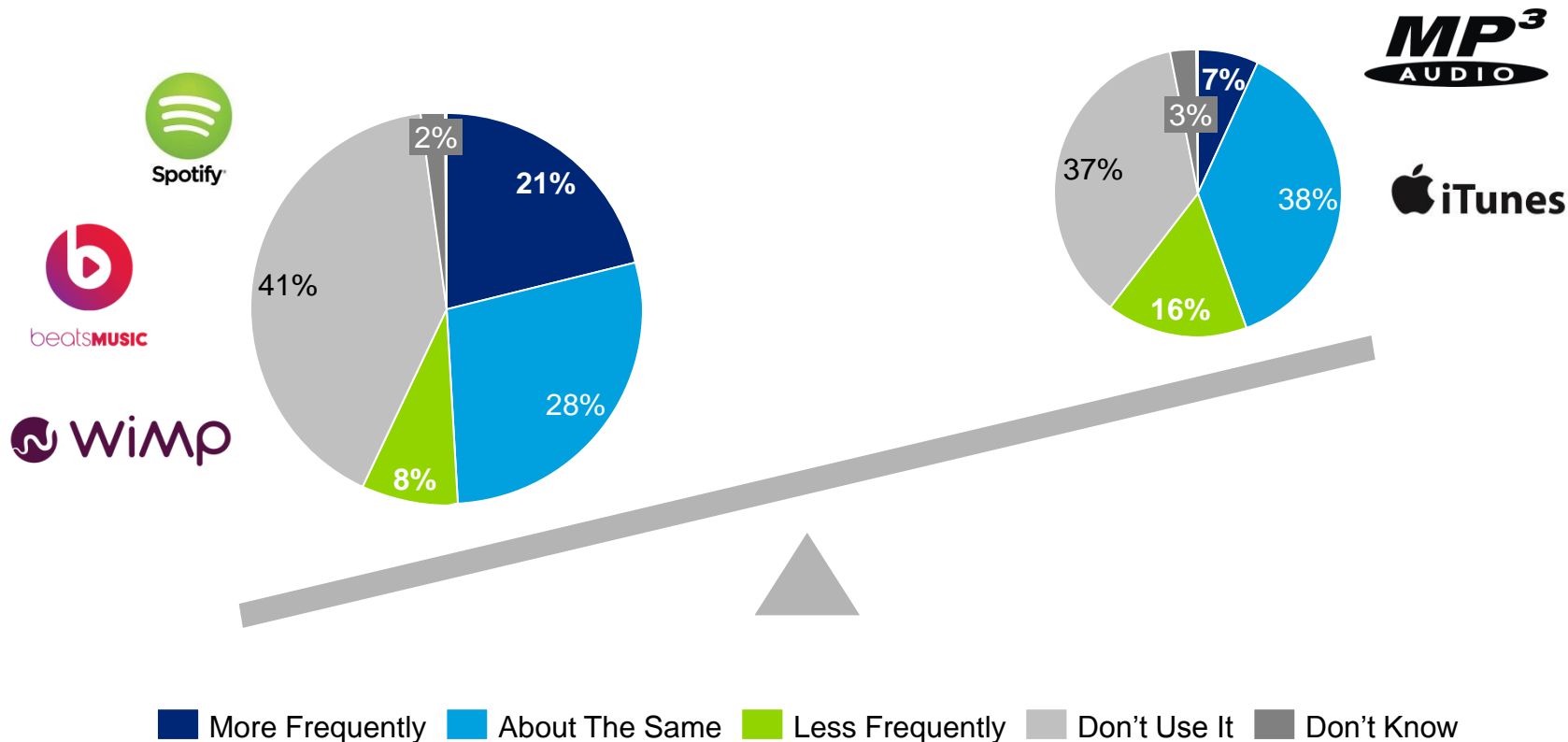
A minority of people (9%) use their phone for internet-based activities less than once a week

Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
 Base: All adults 18-75 who connect their phone to the internet, Norway, (2014) 819

Streaming music has passed locally stored music in popularity and this trend is set to continue; 21% saying they stream more now than they did 12 months ago

31% stream music; 21% do it more frequently compared to last 12 months

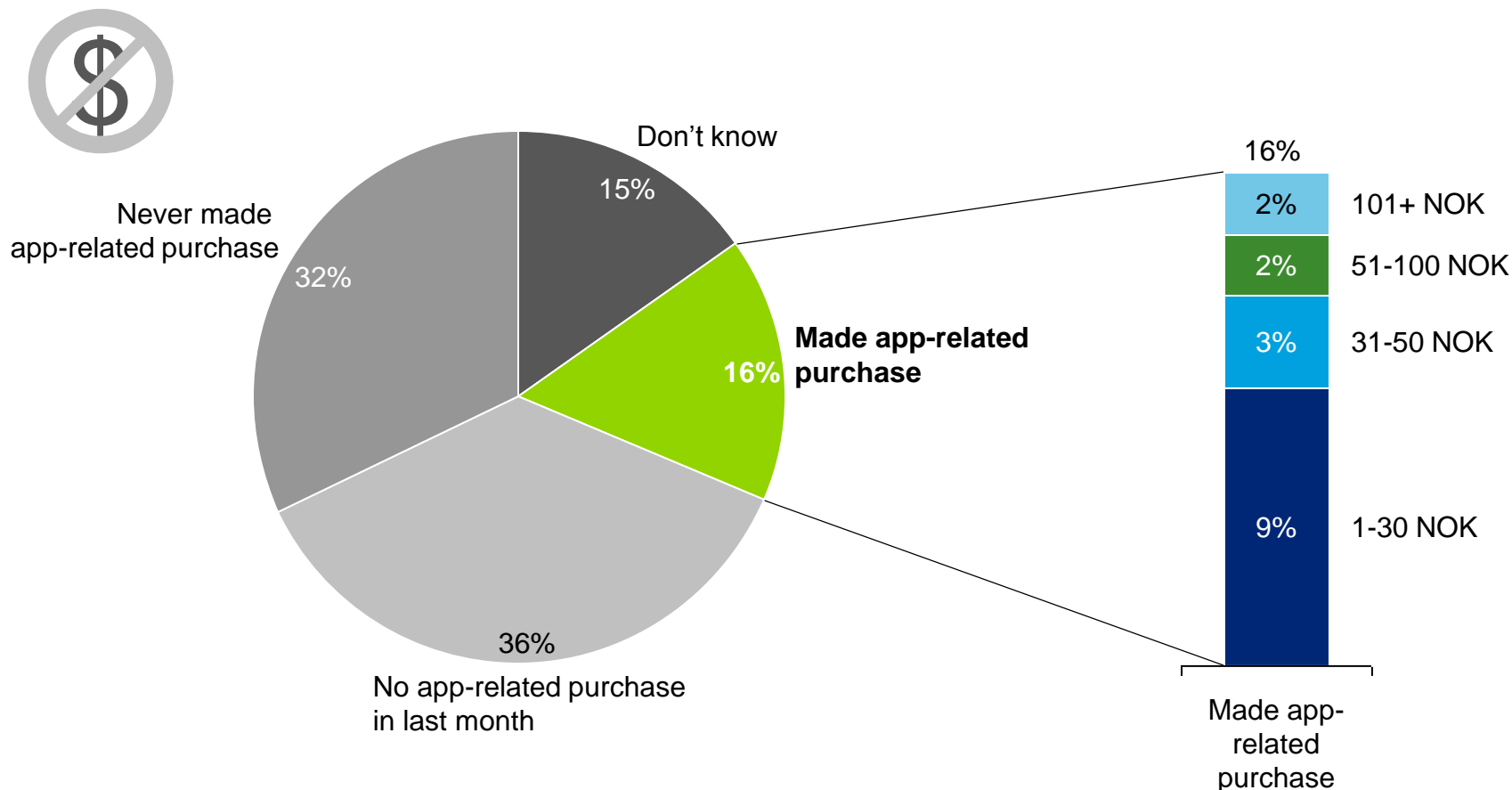
30% listen to music stored on phone; 16% do it less frequently compared to last 12 months



Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
 Base: All adults 18-75 who connect their phone to the internet, Norway, (2014) 819

Most consumers do not spend any money on app-related content on a monthly basis, for the 16% of those who do the majority spend less than 50 kr per month

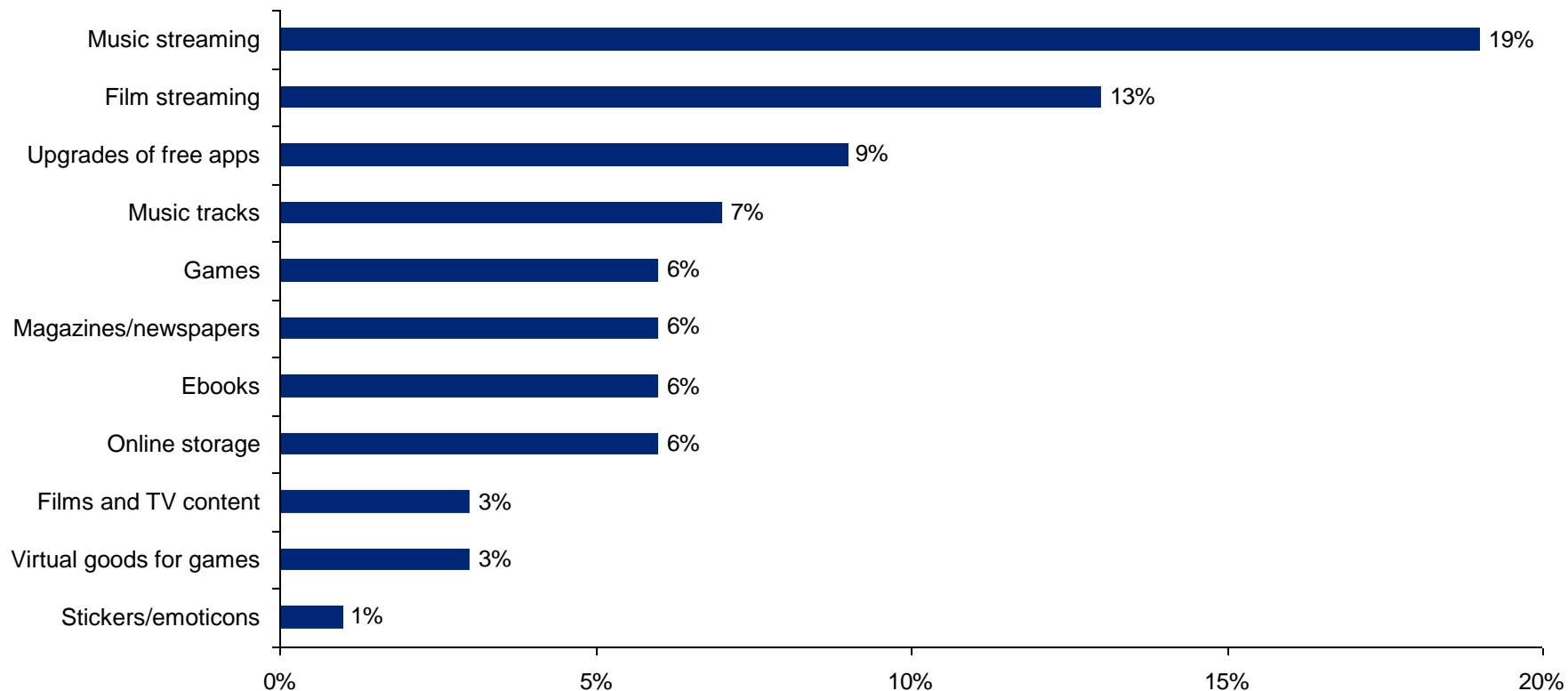
How much do you spend per month on apps/games?



Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
Base: All adults 18-75 who connect their phone to the internet, Norway, (2014) 819

Music and film streaming services are the most popular purchases, followed by upgrades of free apps

In the last month, what did you purchase for your phone?



Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
Base: All adults 18-75 who connect their phone to the internet, Norway, (2014) 819

Mobile payments: soon a majority of consumers will want to use mobile payments

Mobile payments: summary of findings

- **28%** have **never used** their phone for **money-related activities**
- **45%** would like to **pay by mobile phone** similarly to using a debit/credit card in a shop
- **43%** want to **transfer money to friends** and family using their phone
- **83%** say **banks** are the **preferred institutions** for financial transactions on their mobile device
- **Public transport, parking, taxis** and petrol stations are the **most popular** scenarios for mobile payments

Implications for industry

- Payments are a new domain for operators, need to partner with a financial institution (e.g. Valyou from Telenor and DNB)
- Acquisitions may be the ideal market entry strategy (e.g. Telenor banka in Serbia)

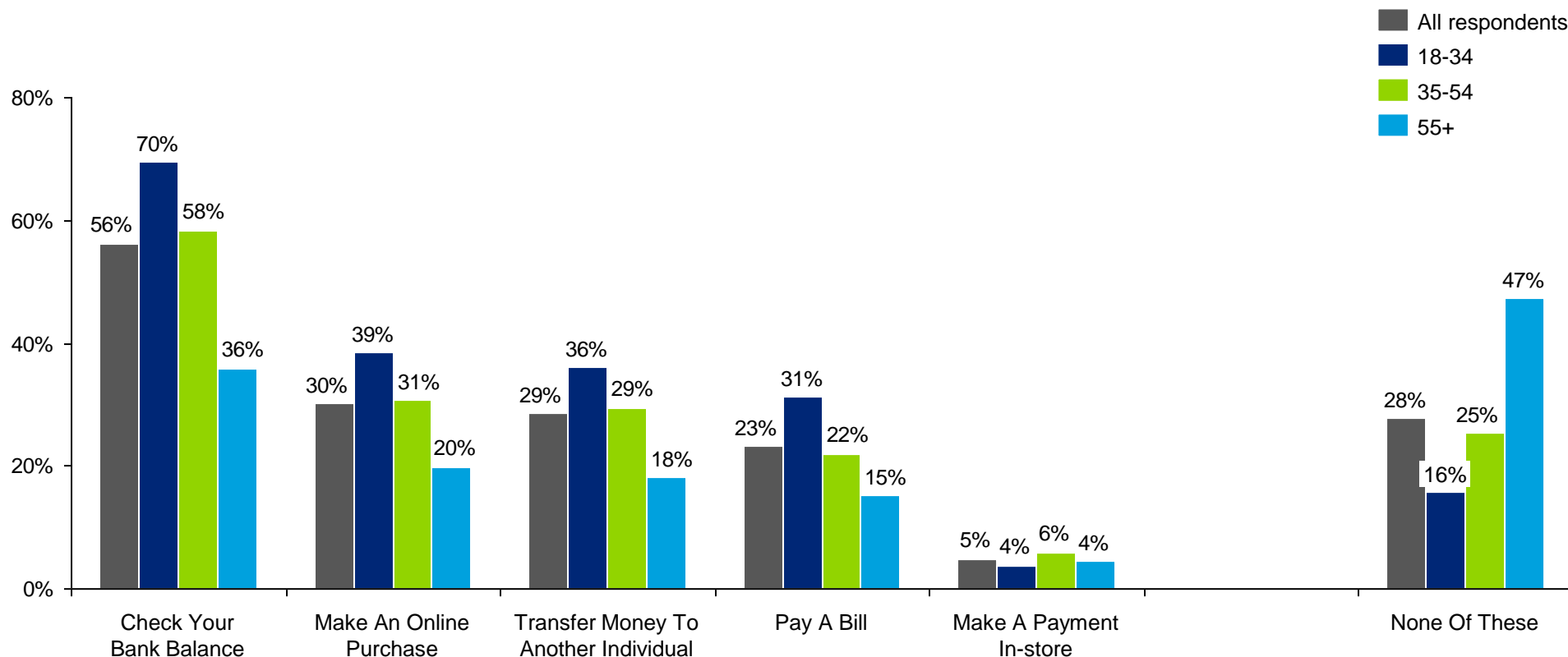
- Payment technology solutions – incumbents could be usurped by new entrants
- Proactively addressing security and privacy issues will be key

- Content purchases of single articles compared to recurring subscriptions may become more common as mobile payments increase in popularity

- Banks are the most trusted institutions, means have competitive advantage in this space
- Also have established payments infrastructure and competency

Younger age groups are more at ease with using money-related services on their phones; 28% have never used their phone for money-related activities

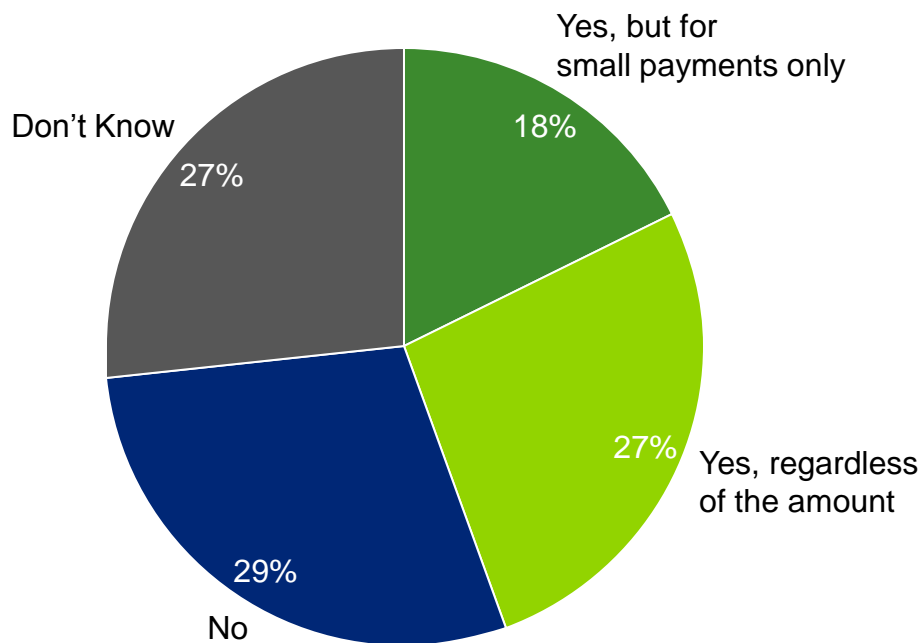
Have you ever used your phone for any of the following?



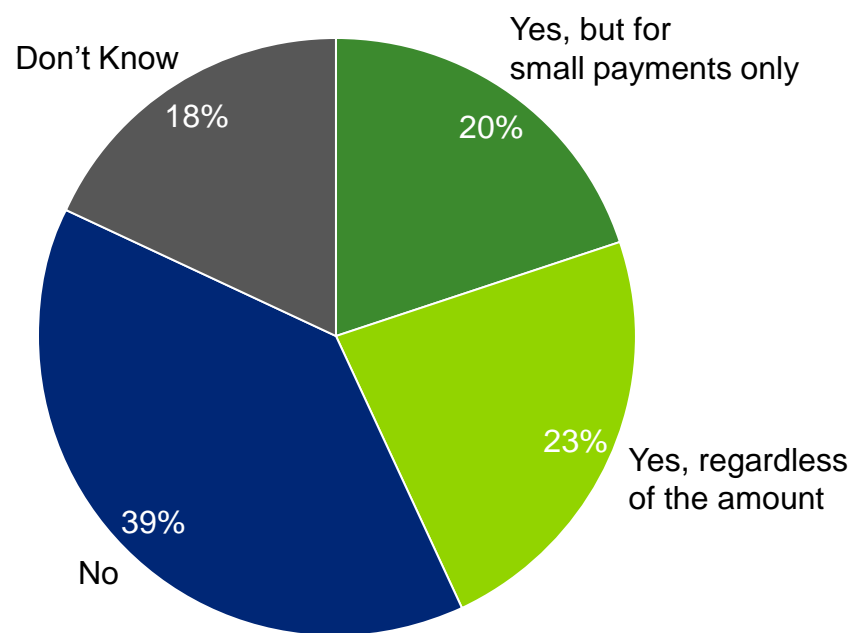
Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
Base: All respondents with a phone or smartphone, Norway, (2014) 967

45% would like to pay by mobile phone similarly to using a debit/credit card in a shop, 43% want to transfer money to friends and family using their phone

Would you use a solution whereby you could pay in shops by using your mobile phone?



Would you like to be able to use your phone to transfer money to friends/family?

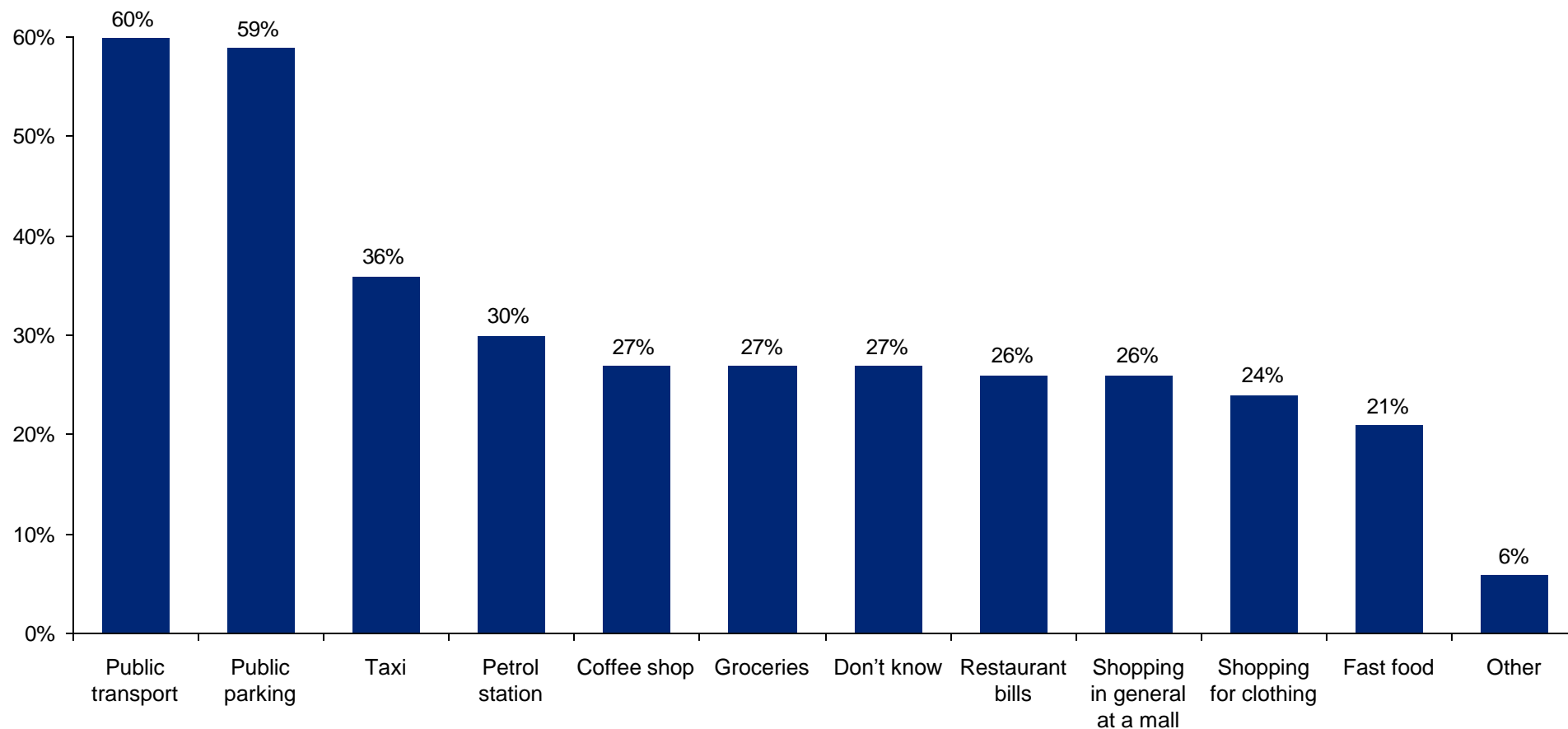


Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
 Base: All adults 18-75 who have not used their phone to make a payment in store, Norway, (2014) 921

Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
 Base: All adults 18-75 who have not used their phone to transfer money, Norway, (2014) 690

Public transport, parking, taxis and petrol stations are the most popular scenarios for mobile payments

Scenarios where it would be beneficial to pay by mobile



Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014

Base: All adults 18-75 who have not used their phone to make a payment in store, Norway, (2014) 921

Mobile advertisements: ignored or deleted by most, but varies by demographic

Mobile advertising: summary of findings

- **43%** would **not take any action** when they see a **mobile advertisement**; for those who take action emails and SMS are the most successful
- **Most** people **ignore or delete advertisements**; ~10% engage with the advertisement and ~2% actually bought the product
- **34% have made a purchase** based on a mobile advertisement, 50% of 65-70 year olds have

Implications for industry

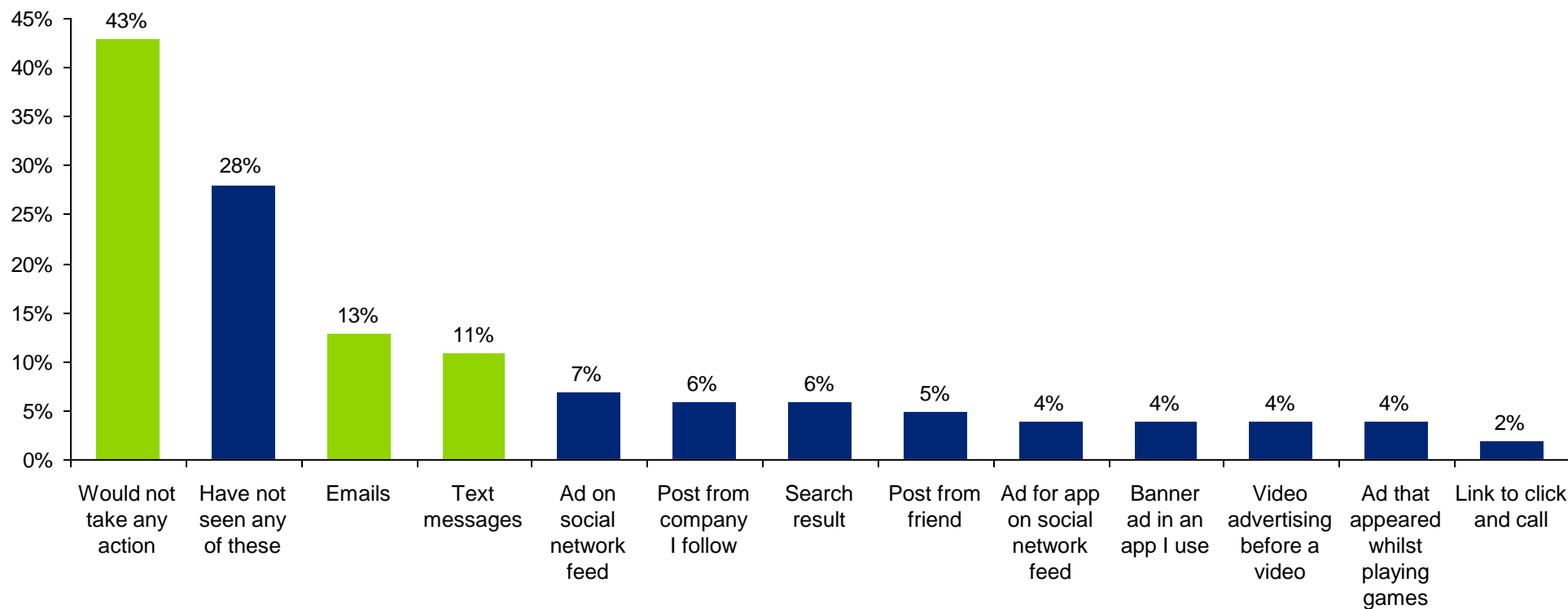
- Operators are the distribution network for several types of mobile advertisements e.g. SMS
- Large amounts of info about their subscribers, but privacy issues

- Technological solutions to low conversion rate e.g. Google Adwords
- Targeted, localised advertisements based on public Wi-Fi

- Single source of truth about a reader/viewer enables targeted advertising – should be able to do this with mobile devices
- Low conversion rates continue to impact value of digital advertising versus print

43% would not take any action when they see a mobile advertisement; for those who take action emails and SMS are the most successful

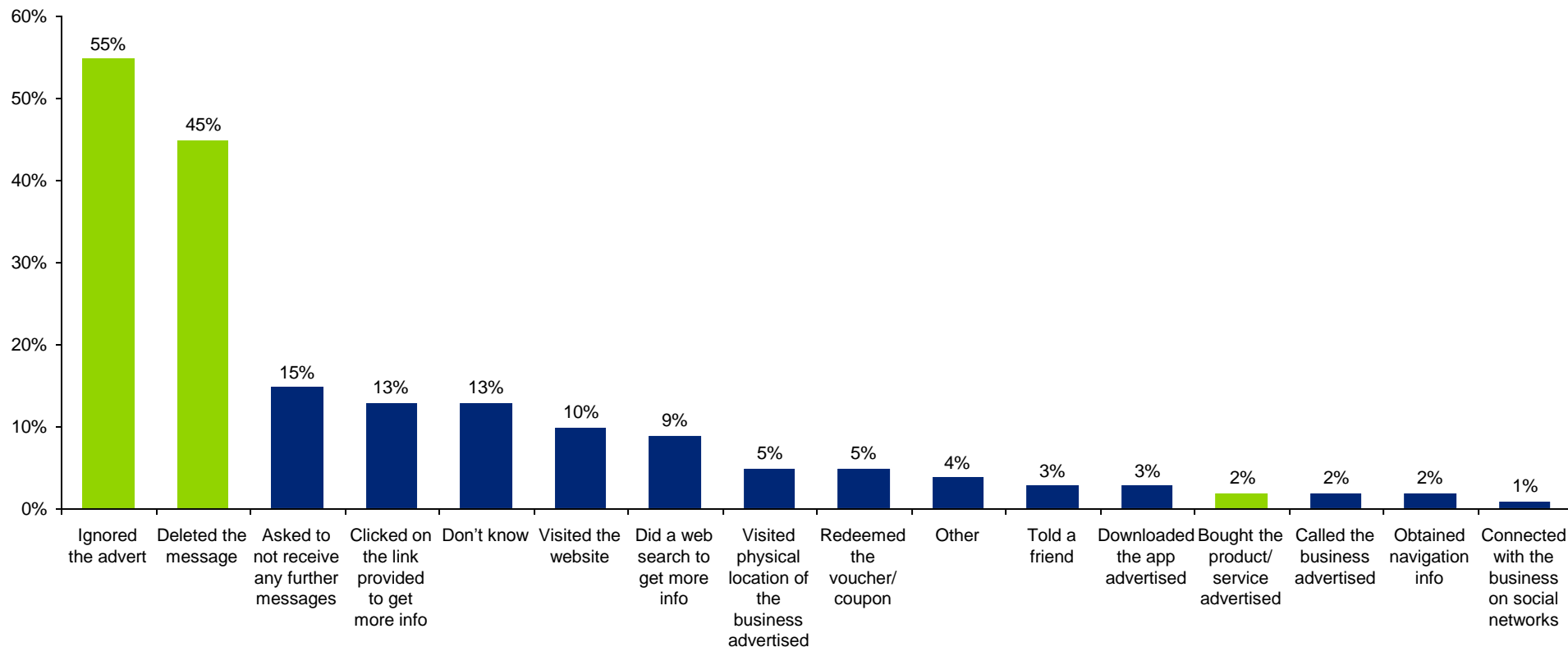
Which of the following forms of advertising have made you take an action?



Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014
Base: All adults 18-75 who connect their phone to the internet, Norway, (2014) 819

Most people ignore or delete advertisements; ~10% engage with the advertisement and ~2% actually bought the product

If you take action, how do you typically respond to any of the advertising you see?



Source: Norwegian edition, Deloitte Global Mobile Consumer Survey, May 2014

Base: All adults 18-75 who have taken action when seeing an advert on their phone, Norway, (2014) 238

Digital disruption and trends in mobile consumer behaviour have significant implications for telecom, media, technology and FSI companies in Norway

“So what” for industry



TELECOMMUNICATIONS

- Digital communications could undermine traditional voice and SMS services
- Mobile data is seen as a vital source of future revenue growth for telecom
- Investment in 4G hasn't yet translated to consumer awareness/willingness to pay
- Where to invest for the future? Technologies, markets, products & services, customer segments.



MEDIA

- Market values digital advertising less than traditional print, revenue impact is inevitable
- Fixed and aging cost base of print assets versus variable cost of cloud-based digital assets
- Sustainable payment models in a world of free digital content
- Mobile-centric life makes it vital to have good smartphone offering



TECHNOLOGY

- What is the next “tablet”-like device which will drive hardware sales in Norway?
- Mobile payments will require technology enablers and infrastructure
- Mobile advertisements will be most effective with the help of CRM technology and Big Data
- Mobile-centric life is set to continue with wearable technology etc. How to capitalise on this trend?
- Sustainable payment models for apps



FINANCIAL SERVICES

- Customer experience is important, consumers demand better responsiveness and innovation from banks
- Mobile payments will become mainstream
- Important to have an advanced mobile presence (apps etc.), this will soon be a relevant differentiator



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.no for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte Norway conducts business through two legally separate and independent limited liability companies; Deloitte AS, providing audit, consulting, financial advisory and risk management services, and Deloitte Advokatfirma AS, providing tax and legal services.

This communication contains general information only, and neither Deloitte AS nor Deloitte Advokatfirma AS is, by means of this publication, rendering professional advice or services and shall not be responsible for any loss whatsoever sustained by any person who relies on this communication.