

The mobile ecosystem: growth and evolution

Insights from the 2014 Global Mobile Consumer Survey, United States edition



For the past four years, Deloitte's global Technology, Media and Telecommunications (TMT) practice has commissioned an online survey of consumers across more than 20 countries, with roughly 35,000 respondents – titled the Global Mobile Consumer Survey (GMCS). The survey is fielded by an independent research firm, and focuses on consumer behaviors, trends and opinions with regard to a broad range of wireless and mobile products, technologies and services. In addition to year-over-year trending and key insights, the survey is also designed to highlight differences between consumers across generational divides – capturing findings from six distinct age groups.

This year's survey offers intriguing insights – some that were expected, and others that were less anticipated. The themes below are extracted and analyzed from data corresponding to 2,000 survey respondents from within the United States. Overall, the mobile ecosystem continues to show vibrancy and growth, with new technologies generating consumer enthusiasm.

Learn more about the 2014 Global Mobile Consumer survey online or via social media:

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Device obsession

It's common knowledge that U.S. consumers love their mobile devices, which have become an indispensable part of daily life. This year's survey took a deeper dive into how obsessed the U.S. consumer has actually become – and the results are surprising.

The survey asked consumers how soon after waking up they check their smartphone (the device's alarm clock was excluded). Overall, nearly 40 percent look at their phone within a mere five minutes of waking up. Nearly 75 percent check their device within 30 minutes and almost 90 percent of consumers report waiting no more than an hour to look at their smartphone. For the youngest demographic (18-24), almost 95 percent check their phones within an hour of waking, but the oldest demographic (65-75) reported strong numbers as well, with 78 percent looking at their smartphone within an hour.

The survey also asked consumers how many times they will look at their smartphone in a given day. The results again support our national obsession. Nearly 10 percent of consumers look at their smartphone more than 100 times a day, nearly a quarter check more than 50 times a day, and almost half look at their phone more than 25 times a day. Three percent of consumers report looking at their smartphone more than 200 times a day.

In summary, mobile is clearly a critical part of consumers' daily lives, and such environments can offer companies in the mobile ecosystem room to innovate, and to capture additional growth and revenue.



mPayment momentum?

Financial services activities have an established track record of use via mobile devices – to an extent. The Global Mobile Consumer Survey responses showed that most consumers use their smartphones to perform the same tasks that would formerly have been done on a PC – e.g., checking bank balances or transferring money. Therefore, most of these cannot be considered truly mobile activities.

The survey results were significantly lower for uniquely mobile activities, such as making a payment in a store using a mobile device. Therefore, the next mobile growth opportunity may be focused on the widespread adoption of mobile payments (mPayments) solutions. If successful, it could be an industry-changing technology.

While one in three people have used their mobile device to check a bank balance or make an online purchase, just seven percent have made a payment in a store using their mobile device. In addition, most consumers do not have Near-Field Communications technology (NFC; traditionally the most common for in-store payments) on their phones. Those who do have NFC, however, show a high percentage of regular use. Additionally, there is clearly interest in mPayments – those who are interested in mobile payments would like to use them for a wide range of purchasing experiences, from parking meters to buying gasoline to in-store purchasing.

Given recent announcements, consumer adoption of in-store payment technologies could be transformed by next year's survey.



Interest in the Internet of Things

Whatever nomenclature is used to describe this emerging ecosystem – connected devices, machine to machine (M2M), the Internet of Things (IoT) or the Internet of Everything – what's clearer and more important than what to call it is that consumers are interested.

For the first time, the U.S. edition of the Global Mobile Consumer survey explored two facets of IoT: the connected home and the connected car. In both cases, the results tell an interesting and compelling story – one that is important to any company involved in creating new products and pricing plans in this relatively nascent market.

First, consumers are interested. Fifty-five percent of consumers show interest in connected-home technologies, and 63 percent of consumers show interest in connected-car solutions. This is substantial given that to date, few of these offerings have reached mainstream consumer markets.

Consumer willingness to spend money on IoT also indicates major growth potential – and helpful insights for players in the IoT ecosystem. What emerged was almost an inverse correlation between consumer interest levels and propensity to spend. Consumers appear to be thinking through the value of how an IoT function can replace something in their daily life. So for instance, while the option of “landscape control” yielded the lowest level of interest among five major connected-home services listed in the survey, it received the single largest response in terms of people willing to pay the most for it (more than \$20 a month). The same holds true for automated driving functions in the connected car.



The year of streaming

This year, consumers responded to a variety of survey questions that asked whether they engage in certain activities on their mobile device more often, less or about the same – from playing games to uploading photos to checking social sites. For most activities, usage remained constant, with consumers doing things “about the same” as they did last year.

The two clear outliers in growth are video streaming and music streaming – with music seeing a larger proportion of overall growth compared to video. Specifically, one in five consumers indicates they will stream more video, and one in three reports they will stream more music. In addition, the number of consumers who indicated they streamed music, radio, TV or movies has nearly doubled since last year.

While part of this may be due to improved network capability such as 4G, the data shows it's more closely related to device ownership and device capability. That said, when U.S. consumers who recently subscribed to 4G were asked what they do more of as a result of having 4G capability, streaming audio and video were the two primary areas of growth. Though the growth rates are much more modest in this specific question – a two percent increase in watching more video as a result of 4G – the impact to the network is not inconsequential. Most public data shows that consumers download an average of more than a gigabyte of data per month, and in many cases video can account for well over half of that figure. The impact of even this two percent growth of video services amounts to materially more monthly traffic traversing wireless networks.

If these trends continue in the coming years, additional wireless spectrum and bandwidth will become even more critical to meet the growing needs of consumers.



Consumer price awareness

In the 2013 survey, findings indicated that tech-savvy consumers in the U.S. (i.e., smartphone owners) were nearly indifferent to pricing. In fact, when asked about 20 attributes deemed most important when purchasing a phone, smartphone owners rated “lower cost of the device” last among the top 10 reasons (among all device owners combined – both smartphone and standard phone – the cost of the device was sixth on the list). Nearly twice as many people deemed camera quality more important than the cost of the device.

Returning to the same question in 2014 regarding which attributes are most important when selecting a phone, “cost of the device” ranked as the number-one reason for U.S. consumers overall, and the number-two reason for smartphone owners in selecting a device.

Despite a variance in the 2013 and 2014 responses, however, consumer appetite for mobile remains immense – and stable. The 2014 survey indicates that consumers intend to purchase devices at the same rate of frequency over the next five years.



The wireless waiting game

In this year's Global Mobile Consumer Survey, statistics demonstrate how several aspects of the wireless ecosystem are remaining stable. Survey respondents were asked if they plan to purchase phones more or less frequently over the next five years (as compared to their purchasing habits in the past). Nearly 65 percent responded that they intend to purchase with the same frequency as **they do currently**.

In looking at what's on consumer devices, the apps market continues to show simultaneous growth and challenges. In last year's survey, consumers reported a 12 percent drop in the number of apps they download on a monthly basis. This year, that number dropped an additional 32 percent, with the number of consumers reporting that they downloaded zero apps (or didn't know whether they had downloaded an app) virtually double since last year.

It's not all bad news, however. Despite the drop in the number of apps downloaded, app and content providers are becoming better at monetizing their assets, with consumers reporting a nearly 70 percent increase in the amount spent per month on apps and downloadable content. The implication is consumers have broadly tested available offerings and now know what they want and need – and hence are more willing to pay for things that they know they like.

Overall, the market could again experience major growth as new innovations move toward the mainstream, perhaps through the world of connected devices and the Internet of Things. It creates an opportunity for wireless ecosystem players to develop new capabilities that will prompt consumers to wonder, “How did we ever live without that?”



Speed satisfaction – for most

It's no secret: most U.S. consumers would like to have faster speeds for virtually anything – whether it be cars, planes or lines at the checkout counter. As is typical with consumer surveys, however, respondents tend to show reluctance when they are asked to pay for the technologies they crave.

In 2013, more than 35 percent of consumers were willing to pay at least \$10 more for mobile download speeds three to five times faster than their current speeds. In this year's survey, that number is fewer than 20 percent. What factors could be driving this shift? In a phrase: speed satisfaction. Most major carriers have substantially completed or have made significant progress in rolling out 4G LTE across their networks.

4G is providing such a good experience that when consumers were asked to compare 4G speeds to Wi-Fi speeds within and outside the home, the single largest response category was "4G speeds are faster" (one in every three consumers offered this response). Nearly two-thirds of consumers think 4G is comparable to or better than Wi-Fi. Only 13 percent of consumers thought 4G was slower than Wi-Fi.

This demonstrates a maturing of speeds in the marketplace. Each major carrier put considerable effort and resources into rolling out 4G networks, and their customer base appears to be satisfied, at least for now.

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