



Global mobile consumer survey

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Heidi: The connected universe continues to evolve with the smartphone in its center. More than ever consumer habits and telecom trends are in focus and poised to fuel this growth. With 5G on the horizon and many Internet of Things applications in development the mobile world isn't just a hot topic, it's everyone's topic. Now in its seventh year Deloitte's 2017 Global Mobile Consumer Survey explores consumer attitudes around mobile technology all over the world, spanning thirty-two countries and over 51,000 respondents, across six different age groups, the report offers insights into what is driving mobile use worldwide.

Today we'll discuss the highlights from this year's report and what new trends and changes in consumer mobile use mean for your business. Hi, I'm Heidi Rataj and welcome to User Friendly Season 2. I'm here with Craig Wigginton, Dan Littman, and Orlando Setola from Deloitte. Craig, Dan, Orlando welcome to the show.

Craig, Orlando, and Dan: Thanks, it's good to be here. Thank you. Heidi. Looking forward to it.

Heidi: So, Craig, Dan, and Orlando I've read the report and I'm astounded with the amount of information your survey has compiled. In your opinion, what were the aha moments when you looked at the results of this year survey?

Craig: There were a lot of aha moments and broadly I would call it kind of a mobile etiquette forming in our mobile ecosystem. Smartphones are woven into the very fabric of our daily lives. It is the most instrumental electronic device of our time. If you walk out the door without your smartphone today your day is going to be a wreck because of all the features, functionality, and connectivity elements in it. We check our phones an average of 47 times a day. In the younger generation it's almost double that, at 80 or more looks a day. In the aggregate that's over 12 billion looks daily in the US alone.

Heidi: I wanted to follow up with that Craig, that there is this mobile etiquette forming. I am very encouraged by that being someone with teenagers who are constantly texting and looking at their phones. I would like to know and feel like there's going to be some balance in this usage. Is there?

Craig: You know the balance is definitely there. My kids hate when I use that word balance, but you know, truly the devices we have today are just phenomenal -- full of features and functionality; everything we need. Truly one device replaces them all. But you know people are realizing maybe not to use the phone as much when they're out at a restaurant. Nearly half of the respondents said they are making an effort to limit or curb their smartphone usage, not eliminate it but, finding that balance.

Dan: Many of us as parents recognize that perhaps we believe that our younger folks are oblivious to their usage patterns and that they don't necessarily even want to make a change. The interesting thing in part of our study is that 72 percent of the folks between 18 and 24 actually recognize this, they believe they use their phones too much and are looking to make a change and even that they slightly older group of 25 to 34 year olds is at 75%. So, I think there's social recognition that it's not the healthiest to be over involved with the usage of phones and screens.

Heidi: I was reading an article recently about adult tech free camps, and I thought I'm going to go to do that; just meditate and turned this thing off. Craig, in terms of device ownership one is not enough. How are we continuing to buy more mobile devices?

Craig: I tend to go camping a couple times a year and my rule with the kids is no electronic devices. Regarding device ownership, you know we are buying more mobile devices. The smartphone penetration continues to grow, we are seeing some more growth and other devices are growing as well: fitness bands, wearables, and even tablets are still seeing an uptick in usage. We're also seeing more focus on a renewal frequency. Two-thirds of the consumers responded that they plan to change their phones within less than two years, so this is exciting to have such a robust refresh rate. It just shows the absolute value of the smartphones today, even as price points continue to rise.

Heidi: Dan, what's interesting about this trend is where we're using our mobile devices and our usage habits.

Dan: The most widely used applications are still text messaging -- not a huge surprise there -- followed by voice. But perhaps more interesting is the ongoing trend of replacing voice calls with text or social media. Of course, we see this most prominently in younger generations; those generations absolutely see data, whether it's social media or texting, their primary mode of communication, not voice. And anyone with kids old enough to have a phone certainly knows that they rarely make a voice call; you know I'm lucky if they pick up my calls. The interesting part about voice here is that we start to see the merging of the data, and voice and the video calls, which have gained an enormous amount of popularity in the survey. It'll be interesting to see whether that does anything to bring back at least some form of voice communications as time goes. In terms of changing habits, I think one of the more interesting things to note is that growth of long-form video. While short form video has always been very popular it kind of leveled off this year and long-form video, whether it's TV series or movies is gaining in popularity again, especially for the younger generations. About half of the 18- to 35-year-olds stream films or TV series at least once a week. And with those longer looks it's a different form of engagement, and it's a different extent of focus and concentration on the device, which I think opens you up for new business models, whether that be through advertising or other forms of monetization.

Heidi: With all of the new applications that we can use to consume our mobile data, as you mentioned long-form video and video calling, how are consumers and carriers handling the change?

Dan: Well, I think you're seeing most prominently a shift toward unlimited data. About 25 percent of the consumer respondents indicated that they have an unlimited data plan, we expect that to grow. The data allowance usage is obviously increasing and there's ongoing demand for that. Wi-Fi remains the most commonly used form of connectivity because of the unlimited nature and in fact this year's survey was the first in a few years in which customers indicated that they noticed a speed advantage for Wi-Fi over the mobile network. Most of the data-intensive applications are not used while connected to the mobile network. Those things we talked about before, long-form video, streaming movies, TV, those are typically done on Wi-Fi, and it will be interesting to see what 5G does to that.

Craig: I would just add on a comment about the number of apps, the number has been fairly flat year-over-year. The average consumer has 23 apps downloaded now and it was 22 in the prior year, so not a significant growth but, I attribute that to the maturing knowledge. When apps first started coming out people experimented, they downloaded. They had 10 alarm apps and 10 flashlight apps to see what the best one was. Now you kind of know it, so you just bring it forward.

Heidi: It sounds like the consumer is paying attention to their interest, their need and how it's applicable in the smartphone. I just wanted to follow up on the Wi-Fi. It's sort of encouraging because of this accessibility, this idea that Wi-Fi will continue to sort of spread its wings. It shows that people's desire to move to Wi-Fi is an area that can be explored.

Dan: It shows the power of heterogeneous networks, in other words a mix of different networks using unlicensed and licensed frequencies to access the services on the internet. It is powerful from two angles. One is a supply-side angle; managing the capacity requirements as we see increasing traffic growth. It's also very powerful from the demand side as customers look to gain greater access and ubiquity at the right price.

Heidi: Considering smartphones, what did the survey reveal about how we use them during our daily routines, Orlando?

Orlando: Smart phones have become ubiquitous, we're constantly accessing them to help us navigate the world both figuratively and literally; using them while at work, watching TV, talking with our friends, eating in a restaurant. All the usage is fairly high. The interesting thing around the developing etiquette that we talked about, which is the balancing of the equation. We're seeing a couple of things that indicate that that's asserting itself, whether it is socioeconomic factors or just social factors. For example, with the pressure from society at large recognizing the dangers of accessing your phone while driving, that's actually dipped now, it went from 62 percent to 59 percent. I think there's a general recognition that there's a time and a place for everything and there's more awareness about being in the present with your friends and family and colleagues.

Heidi: There was also some talk about mobile payments.

Orlando: In the US, we saw a significant increase to almost 30 percent that's a 50 percent increase in the number of people using mobile payments on a once-a-week basis and a similar rise on a month-to-month basis, so this is the contactless payment streams, which is of rising importance for people to utilize as a secure method of payment.

Craig: I'm a big proponent of mobile payments. I'm actually a little disappointed when I go somewhere and they don't accept mobile payments. This fifty percent increase, even last year, was phenomenal growth for all consumers out there. I expect that to continue to skyrocket going forward.

Heidi: I want it all in my phone, so I'm looking forward to more and more merging of these kinds of things to make my life a little easier. Orlando, phones are knowing how we search and where we go; in the survey did consumers express it concern about that, and if so what was it?

Orlando: There's still considerable concern out there from consumers around personal data. A question that we had was, are you concerned about the information you share and what is done with it? There's market data that indicates 83 percent of people believe that companies are using their personal data and sharing with third party providers. That consistently ranks as a number one area of concern for us, but there's clearly a balance. If you ask whether when you load an app or when you access a particular service, do you read the terms and conditions, it's less than ten percent. So, 90 percent of the people sort of breeze by the terms and conditions that are really there to protect you in terms of the information you provide. The balance of that is that you really want the service because you really think it improves your life, it provides utility, it provides a benefit, and so although people are sort of concerned about sharing their information, they're willing to make the bargain: providing some data with respect to getting the benefit of service. I think the bargain will sort of continually be looked at and I think as people get more and more concerned about that. If they feel like that information is being taken advantage of to a greater extent than they're comfortable with I think you'll see some societal pressures that sort of curtails that activity. I think most people recognize that they're giving away their email addresses, their name, their phone number, but you know I think in their subconscious they probably recognize the broader



array of information they're giving away and that might be photos and their addresses and contact lists and certainly browsing history and purchasing history or some of the things that are being monetized. Ultimately, that's really for the benefit of the user so that they can bring the right products to those individuals in an efficient way.

Heidi: So, moving beyond mobile devices, what about the connected world of smart homes, cars, and wearables; where are we in this space?

Craig: IoT is really poised for kind of overall take off in in society. We've been talking about it for a while, but I think the industrial IoT and consumer IoT will start to get a lot of momentum. Consumer IoT, which we're really focused on in this podcast, is already robust and getting stronger. There's a lot of focus out there around the wearables, the car, and the home and consumers, coming out of our Global Mobile Consumer Survey are finding it increasingly valuable to have these connected functions, and they're willing to pay for them as well. We just love that the propensity to spend is great; it's great for the entire ecosystem when you do have that monetary flow going on.

Dan: They don't necessarily think of it as IoT anymore as they do just another device or an essential part of their life. When people put on a smartwatch they don't think of it as a wearable they think of it is another device that makes their life easier or better. It integrates into the daily functions that people would need to perform anyway or where they would use voice commands or home automation or home assistance in their house. It doesn't occur to them necessarily that this is an IoT device or something really different. It's just incremental step and an increasingly necessary function for the house to have, and that's really where you see the adoption take off from kind of the early adopter standpoint into the mainstream.

Orlando: There is an emergence of products that have a fairly complex intelligence behind them: the Echo products, the Siri, on your phone or the other products that really artificial intelligence products. They are making it more user-friendly, so people feel a bit more comfortable talking to a device where in previous generations that didn't feel user-friendly as some of these are. I think those kinds of devices that are voice activated are going to accelerate some of the growth in IoT.

Heidi: We are more connected than ever how does this impact other businesses such as advertisers and retailers? Are they having to change what they do to keep up with the increased connectivity?

Craig: A lot of what we're seeing out there does have an impact in the enterprise space, the business space. And data continues to play a key role in this, obviously coupled with the smartphone. Information is driving a lot of the disruption out there as well. Ninety-two percent of consumers use them while shopping, so that's huge and it can have a huge impact on retailers and others in the ecosystem. I heard on the news just today that mobile shopping is at least being assumed to materially impact retail compensation levels. Again, the amount of competition out there in the retail environment caused by being able to check prices through a smartphone is causing retailers to be more challenged with profitability, so it is having an impact. Good things are happening and consumers are also hopefully getting the benefit out of it as well.

Dan: Connectivity and data really give any business the opportunity to increase the frequency and the materiality of their interactions with customers, and that's really what they're going to have to take advantage of. How can you grow the customer relationship, increase loyalty, and interact with that customer in a way that he or she wants to be interacted with using the new connectivity that you have at hand and the data that comes along with it?

Heidi: Craig, Orlando and Dan we're coming to the end of our show, final comments, what's next for mobile use?

Craig: I'd summarize it into things number one 5G, 5G, 5G. New wireless technology, lower latency, faster speeds. It will really be interesting to see how that drives a variety of things, and then the second thing I think we'll see is a little bit more education and training regarding all that connected things that are going to be coming in the near future. Being able to manage these things potentially through your smartphone as a hub, so a little bit of training on the horizon could really up our game here.

Orlando: Device etiquette will continue to develop so the balance between how much screen time we utilize on any given day and being in the moment and being with people. I think that security privacy will still continue to be a somewhat challenging area for the consumers who are willing to enter into the bargain of providing information for the benefit of using some of the services that are out there. But the bargain is that companies need to treat that information appropriately. I think if the balance continues and more services and benefits come to the users of telephony, it'll continue to be a strong part of our daily lives.

Dan: Device etiquette can also inspire a new round of innovation, so these are innovations both on the device side, on the application side,

and even on the network side that really help customers maintain device etiquette without sacrificing usage or engagement on which many of the monetization models are based today.

Heidi: Deloitte's 2017 survey indicates that the mobile universe is shifting the habits governing the use of smartphones and other devices are maturing as they become commonplace in nearly every consumer's life. For all we know we may just be on the eve of the next generation of mobile. I want to thank my guests today Craig Wigginton, Dan Littman and Orlando Setola for joining us on User-friendly.

Craig, Orlando and Dan: Thank you Heidi. Thanks. Thanks very much

Heidi: That's it for episode one of season two for User-Friendly your go-to podcast for trends and tech, media and telecom and how these trends affect your business. This season we will also explore artificial intelligence, the future of home entertainment, and new trends in connectivity. Tune back in two weeks for another episode and see you soon.

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