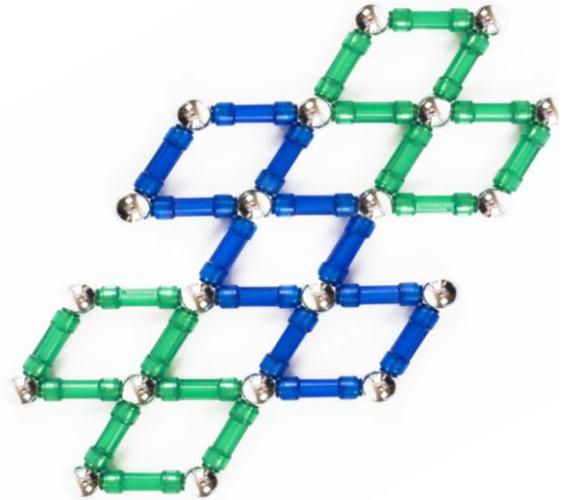


## The deep dive in mobile 'Micro' insights from the 2013 Global Mobile Consumer Survey

For the past three years, Deloitte's global Technology, Media and Telecommunications (TMT) practice has commissioned an online survey of consumers across 20 countries, with nearly 40,000 respondents – titled the Global Mobile Consumer Survey. 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 mobility products 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 five distinct age groups.

This year's survey presented some very intriguing results. The insights below are extracted and analyzed from data corresponding to 2,000 survey respondents within the United States.



The results have been categorized into two major groups: “macro” trends and “micro” trends. Below are the micro trends, which focus on the specific devices and/or services in the mobile community. These reinforce the concept found in the macro trends: reality may not be what we all expect. For instance, tablets are affecting one category of devices more than another, consumers may not understand the full impact of wireless subsidies and may be in for a big surprise if/when that changes, and NFC, while niche, may have a stronger following than anticipated.

### The tablet effect

Growth in tablets is strong – particularly among certain age groups, and even compared with that of smartphones. For 25-34 year-olds, tablets grew by a whopping 74% since 2012. For the same age group and timeframe, smartphones grew by 41%; excellent, but a clear second to tablets. A similar story can be told in the age group with the next highest growth statistics is the oldest: 55+. Tablet growth was 45% since 2012, with smartphone growth coming in at 29%.

So, what happens as more and more people own tablets? Are they used in parallel with other devices? Are they displacing other portable devices? For the largest group of consumers, tablets seem to peacefully co-exist alongside both smartphones and laptops. When tablets do make an impact however, the distinction is clear – laptop usage declines. 34 percent of tablet owners indicating they now use their laptop less often, compared to only 19 percent using their smartphone less often. At the core of this phenomenon is that tablets are being used more as “fixed” devices (albeit portable) than truly “mobile” devices. The survey also notes that the most popular activities for tablets are those when consumers are typically fixed for longer periods of time – watching movies, streaming content, reading books, etc. – while smartphones are most popular for more mobile activities, such as navigation, email, and photos.

Hence, trending shows that tablets and smartphones seem to have found a way to co-exist more easily than tablets and laptops. One indication among many that tablets, despite popular sentiment, are not a purely mobile device but are rather a hybrid-mobile (part mobile, part fixed) device.

### Subsidy surprise?

This year's survey findings seem to indicate confusion among most U.S. consumers when faced with questions on phone subsidization. In fact, the majority of respondents – 42% - believe they paid the full cost of the phone, with less than one-fourth of the respondents believing they only paid a “contribution towards the phone” (but not the full amount).

These results then help explain the answer to a related question, “If your carrier no longer subsidized your device, would you change your device more often, less often, or would it make no difference?” The largest group of respondents (28%) said it would make no difference, which we believe indicates that a significant percentage of consumers may not fully understand the concept of subsidization. (Specifically, we hypothesize that if these consumers did have a comprehensive grasp of subsidization, they would be more reluctant to pay full price to change their devices as often). Tied with this for the number one spot, though, (also at 28%) was a group that recognized there would be a difference, and their response was “I would change my device less frequently.”

So, collectively, 56% of consumers believe that if subsidy models by the carriers were to change, they would buy phones with the same or less frequency than today. The real question, though, is how might this change once the extent of subsidies is actually understood? Will there be a “subsidy surprise” to consumers, and a corresponding impact on how frequently they will change smartphones? Or will consumers, who have already realized the value and sophistication smartphones offer today, be more than willing to pay the full amount for what has proven to be a critical piece of how we live our lives today? Time will tell.

### BYOD: A win/win

The “Bring Your Own Device” (BYOD) phenomenon has been one of the most talked-about trends in enterprise mobility. Survey findings indicate that BYOD may be a win/win for both enterprises and consumers. Three key highlights:

**More than half (51%) of employees who are offered BYOD policies use their personal device as their primary work-related mobile device.** This significantly exceeded the anticipated result. Discussions with many companies on BYOD indicate that they expect adoption rates to be closer to one-quarter to one-third of employees – but not even in the most optimistic scenarios are take rates of over 50% expected. The good news here is that the work going into BYOD policy formation by companies appears to be used, and used frequently. As a side note, males are reportedly two times as likely as females to adopt BYOD.

**63% of employees using their personal device receive the same or higher reimbursement than with a company device.** Understanding that some companies view BYOD programs as a way to save on wireless costs, we wanted to understand how the trend of BYOD may ultimately affect Telecom industry revenue if there were to be a change from the baseline of what enterprises typically reimburse employees today. The results indicate that a majority of consumers continue to receive the same or higher reimbursement rates under BYOD programs, which is good news for the wireless industry.

**69% of consumers report no challenges (e.g., technical, support) as a result of using their device as their primary work-related mobile device.** We see through take rates and reimbursement amounts that BYOD programs can be a win for consumers, but what about for the enterprise? Many fears of BYOD exist, including the notion that support costs will escalate as a myriad of “unsupported” devices access the network and the company applications, potentially translating to higher costs. The results, though, indicate this may be more fiction than fact – and could be one less thing for companies to worry about when developing BYOD policies.

## Is bigger better?

In each annual survey, new questions and/or responses are added to keep pace with trends and changes taking place within the industry. One of those key trends is the concept of the large smartphone (or “phablet”); i.e., those with screen sizes typically around five inches. This year’s survey sought to understand if there was any difference in user characteristics for larger devices.

The results were surprising. When asked what criteria are most important when choosing their mobile device, customers this year had the option of phone size as one of many selection criteria. Where did size fall in terms of rank order priority? It debuted in a tie for the number one spot, beating out design, brand and operating system. Clearly, size matters when choosing a mobile device.

In addition to its importance as a purchase criterion, we saw other key differences in usage of large smartphones versus smartphones. As one may expect, they often fell somewhere between a tablet and a regular smartphone on various metrics. **Wi-Fi:** When looking at Wi-Fi as a preferred connection type for Internet connectivity, it was chosen for 64% of smartphone owners, 71% of large smartphone owners and 93% of tablet owners. **Apps:** Large-smartphone owners reportedly download considerably more apps, and spend more per app than either smartphone or tablet owners. **Business use:** When asked what devices were used for business activities, large smartphones were number one – beating out smartphones 45% to 39%, and well ahead of tablets, with only 16% of consumers claiming to use them at work.

## Mobile payments and NFC?

The findings from this year’s survey with regard to Near Field Communications (NFC) capabilities show both opportunities and challenges ahead for the technology often associated with being a standard for mobile payments.

**The challenge:** Sixty-two percent of respondents claim not to have NFC, with another 28% who don’t know. This leaves only 10% of respondents who claim to know NFC capabilities exist on their mobile phone. When this 10% was asked whether they used NFC within the last month, 62% claimed not to have used the capability.

**The opportunity:** Though only 10% of consumers are aware they have the technology embedded in their phone, this doubled over last year’s survey, indicating that NFC may be on the rise. Additionally, with a limited base of deployments of NFC terminals in the market, 34% of those who have it still claimed to have used it within the last month, leading us to believe there is a small but dedicated following of users for the technology.

There is little doubt that mobile payments via mobile devices will increase dramatically in the upcoming year, the only question is what, if anything, rises to be the dominant standard. What’s in your e-wallet?

To learn more about Deloitte’s 2013 Global Mobile Consumer Survey, please visit [www.deloitte.com/us/mobileconsumer](http://www.deloitte.com/us/mobileconsumer) and follow us on social media at #GMCS2013.

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