



Smartphones Continue to Transform our Lives

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Not so long ago, a mobile phone was just one device used for one purpose: making phone calls. Today a much smaller and lighter smartphones can now message, manage data, communicate wirelessly, capture video and photos, play games, play music and videos, navigate, email, post on social sites and much more.

In Hong Kong, 6 out of 10 people own a smartphone compared to just 2 years ago when only 3 out of 10 owned one.¹ According to Gartner, worldwide smartphone sales to end users reached 225 million units in second quarter 2013, up 46.5 percent from the second quarter of 2012.²

The rise of smartphones has transformed lives globally. Specifically in Hong Kong, 77% of consumers never leave home without their smartphone. Given how many functions the smartphone performs in our day to day lives, it now seems unthinkable to be without it. 82% access internet every day on their smartphone and most never leave home without it. Even at home, almost all smartphone users would continue to use their



device and some would rather give up watching TV.¹

According to GlobalWebIndex data on global smartphone users in Q2 of 2013, Google Maps is the most frequently used mobile app in the world.³ The chart below showing the most used smartphone apps in the world gives some indication of the myriad uses consumers now depend on their smartphone for.

The ubiquity of smartphones is penetrating all aspects of society including the education of our children: Carly Shuler, author of the report Pockets of Potential, observes that smartphones “are a part of children’s lives today whether we like it or not, so we might as well be using them for good.

Mobile devices aren’t going to solve our education crisis, but represent another tool which, if used properly, enables meaningful learning experiences.”⁴ Given the intensity of this love affair, these changes in how we live are only the beginning.

Google Maps is the Most-Used Smartphone App in the World

% of global smartphone user who have used the app in the past month(Q2 2013)



CHANGING LIVES AND MORE TRANSFORMATION TO COME

Connectivity started out as entertainment and social sharing, but is now finding more practical applications as in healthcare. The role of smartphones in healthcare is promising as they :

- (a) have reasonable computing power capable of doing initial analysis
- (b) provide connectivity that improves access to an eco-system of remote doctors and medical professionals and ;
- (c) are easy to use.

Doctors are already using smartphones for patient care. To cite an example, Dr. Lee Rogers, a podiatrist and associate medical director in U.S., recently used video chat capabilities of his smartphone to enlist the help of two other surgeons located in Arizona to guide him through a 45-minute surgery and save the foot of a diabetic

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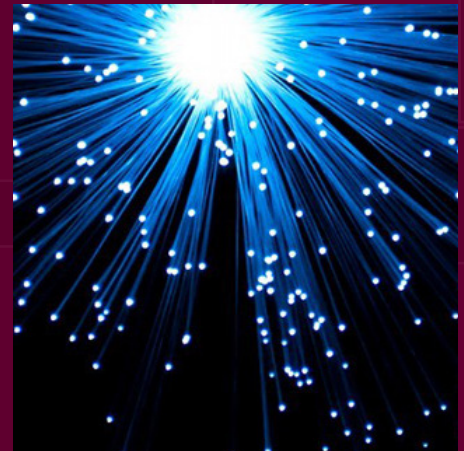
PwC

patient. This is an opportunity for new entrants to develop affordable smartphone devices that have diagnosing/screening capabilities and connectivity that enables communication with doctors.

According to PwC, the widespread adoption of mobile technology in healthcare is now viewed as inevitable by 80 percent of doctors and healthcare payers in China.⁶

THE WORLD OF INFORMATION LIES AT OUR FINGERTIPS BUT IS THERE SUCH A THING AS TOO MUCH CONNECTIVITY?

In Hong Kong 9 out of 10 smartphone users would have conducted any searches for local business or service information. This has become a common and easy way of obtaining information. The frequency of local information search is also high with 70% having made a local search at least once a week and 39% on a



daily basis. Search engines remain a popular platform for gathering product information (66%), where to eat and drink (66%), travel information (56%), job opportunities (40%), property information (36%) etc.

More importantly, 86% of those who looked up for information would have taken some form of action such as making a purchase or contacting the business.⁷

Such high level of connectivity usage has led to concerns over smartphone addiction. Smartphone addicts are described as wanting to be in constant communication with other people even when there is no absolute need.⁸

In fact, China, Taiwan and South Korea have accepted “Internet Addiction Disorder” as a psychological diagnosis and now the U.S. included it in the fifth edition of the Diagnostic and Statistical Manual for Mental Disorders (DSM-V).⁹

THE WAY WE SHOP HAVE CHANGED

The ease of access to information via smartphone has made it an important shopping companion where consumers in Hong Kong easily research product or service information at home (51%), while taking a public transport (43%) or on the go (36%). About a third of smartphone internet users have thus changed their mind about purchasing a product



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or service in a shop or online, as consumers place higher value on the information retrieved from social media via smartphone. Research of product or service via smartphone therefore has an influence on purchase decision and channels of purchase where about 50% of smartphone internet users who have conducted a search via smartphone ended up making a purchase either online or offline. However, there are problems inherent in smartphones that hinder

the growth of mCommerce and these are down to top two key barriers – Security and Screen Size. About 50% of smartphone users who have not made any purchase via online mobile are worried about credit security. There is a concern that their phones might be hacked or infected by unknown virus which could leak out personal credit information.

Small screen size also poses a big issue, especially for purchase of high involvement tangible items such as furniture, clothes or shoes. About 43% of smartphone users who have not made any purchase via online mobile expressed reluctance to do so due to lack of clear product visuals for closer scrutiny, especially for products they are unfamiliar with. To some extent, manufacturers have answered to that by providing a choice of screen size for consumers to choose from.¹⁰

IMPLICATIONS FOR BUSINESS

As smartphones become more mainstream, having a mobile presence



for business has never been a better time. It presents an opportunity for businesses to directly communicate, to better engage and connect with consumers.

According to Google 79 percent of smartphone owners are “smartphone shoppers”, meaning they use their smartphones at least once a month in stores. If there are 130 million smartphone users in U.S., then about 111 million use their smartphones to prepare for shopping or to look things

up. That is a very lucrative market. The most surprising finding was probably that people who consistently use their smartphones as part of their shopping spend 25% more than people who only use their smartphones for shopping occasionally.¹¹

In Asia, the appetite for smartphone shopping is also rising in regions such as Indonesia, China, Thailand, Hong Kong, South Korea and Singapore according to MasterCard Worldwide.¹² This is a clear indication of where the market is heading. Smartphones have become a critical shopping tool for Hong Kong consumers as 89 percent of smartphone users researched a product or service and 43 percent made purchases on their phones.

Add to the fact that 90% of smartphone users paid attention to mobile ads and that 83% of those having seen traditional offline ad had performed a search on their smartphone is a clear indication that mobile ads for businesses should be part of an integrated marketing strategy to drive greater consumer engagement.¹³ Still, there is a need to allay fears

**“Imagination is more important than knowledge.
For knowledge is limited to all we now know and
understand, while imagination embraces the entire
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Albert Einstein

of security issues when making online mobile purchase and improve visual capability of mobile images to increase confidence and quality of product image. The relentless march towards smarter phone will continue. The only limitation is our imagination.

“Imagination is more important than knowledge. For knowledge is limited to all we now know and understand, while imagination embraces the entire world, and all there ever will be to know and understand.”

Albert Einstein



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