



APPsolutely Mobile

The changing mobile market

Bite Sized Thought Piece

2011

Cast your mind back to 2008 and the world might not seem too different; Barack Obama won the US Presidential election, UK interest rates were slashed and (just a short time later) Susan Boyle propelled herself to overnight global superstardom, via Britain's Got Talent. But it was back in 2008 that the Apple App Store also made its groundbreaking international debut, followed closely by Google's Android Market, the Palm Software Store, Blackberry App World and Windows Marketplace. Since then, mobile has not looked back.

Back in 2008, Nokia was dominant in the mobile market, having achieved the best selling handset each year for no less than

a decade. While the smartphone concept had by then been around for some time, the consumer market was still in its relative infancy, and it was not until 2008 that the Android operating system (now the most popular OS) was released.

Today, smartphone ownership has almost doubled year on year, from 20% of the GB population in July 2010 to 37% in July 2011*. The mobile tablet has also been introduced to the market and is currently owned by 5% of GB adults*. These figures will continue to rise, as new and innovative ways of engaging consumers via mobile technology are introduced and become mainstream.

* Ipsos Tech Tracker, Q3 2011





Usability

is the most important benefit looked for when choosing a mobile device and operating system.

What are consumers looking for?

In this fast-changing and highly competitive market, consumers of mobile devices have never had so much choice. Reductions in mobile termination rates announced by Ofcom in March 2011 have also meant that consumers can switch between network providers with ease. It is therefore more important than ever that manufacturers, operating systems and providers are able to understand their market, appeal to consumer needs and tastes, and stand out from the competition.

Research conducted by Ipsos MORI has shown that 'usability' is the most important benefit looked for when choosing a mobile device and operating system,

hence it is imperative that advancements in technology do not confuse or alienate potential buyers. This has already been recognised by high street mobile retailers, including Carphone Warehouse, which created a 'walk out working' campaign, which educates smartphone owners on how to get the most out of their handset.

Other key benefits include the 'brand' (e.g. the aspirational iPhone versus the heritage of Nokia), 'price' (free versus value for money) and, of course, 'apps', as described in the remainder of this thought piece.

Mobile apps

Mobile apps provide direct access to content with the click of a button, as opposed to navigating through mobile browsers on a small screen. In recent years, apps have become crucial to companies' digital strategy, not only as a way of boosting revenue through sales, but also in increasing brand awareness, extending brand interaction and providing an innovative advertising platform that can be accessed on the move.

Ipsos MediaCT research estimates that, on average, smartphone users have 14 apps downloaded to their mobile phone, rising to 22 among iPhone users. However, Apple's App Store alone has over half a million apps for users to choose from. In a crowded and competitive marketplace, it is

essential that companies ensure their app stands out from the crowd. Our research shows what smartphone owners consider to be important when choosing which apps to download (See figure below).

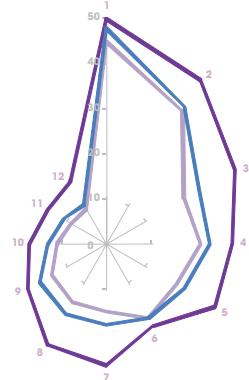
Once an app is downloaded, it should be engaging enough to encourage consumers to keep using it. Our research highlights that this is not always the case. On average, smartphone owners tend to use just 6 of their 14 apps at least once a week. Further research has been undertaken to understand which apps are the most engaging.

Reason for choosing mobile apps

■ % SP / Tablet users who use apps

■ % iPhone users who use apps

■ % Non iPhone users who use apps



1. It is free of charge
2. It gives me a functionality that I need
3. Somebody I know recommends it to me (e.g. a friend, family member, colleague)
4. It gives me information that I can't find elsewhere
5. It is something that will help me to fill my spare time
6. It helps me to connect with other people
7. It is something that helps me keep up to date with news / sport
8. It is something that educates me
9. It is something that makes me laugh / entertains me
10. It is from a brand I know and trust
11. It is cheaper than similar apps
12. It is high up in the app charts

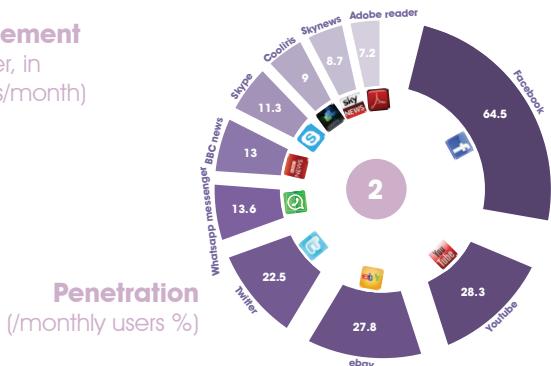
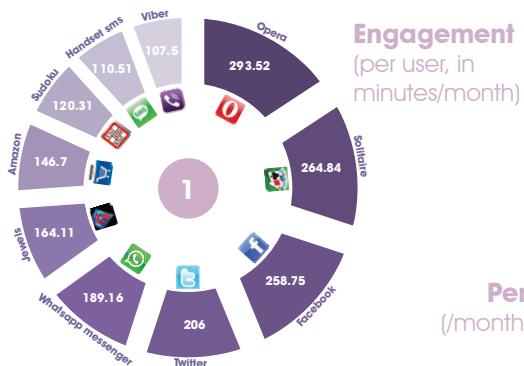
Using mobile passive research to understand engagement with apps

As consumers use more and more services on their mobile phones it is increasingly difficult for them to recall usage accurately over even a short period of time. Using passive measurement of apps on a panel of smartphone users Ipsos MediaCT can precisely measure consumers' real behaviour on their mobile phones, and in this case their consumption of, and engagement with, add-on apps. One key insight from the passive data is that although thousands of Apps are now available in the market, only a selected few benefit from a very large reach, the top five being Facebook (74%), YouTube (40%), eBay (34%), Twitter (26%) and Skype (17%). Differences then appear

when looking at each operating system and mobile operator. So, although Skype gets 24% monthly users on 3 smart phones (benefiting from historical partnerships), its usage is less prevalent than on other networks.

And while the app is on the iOS apps usage top ten (28% monthly users) it does not make the top ten for the Android, RIM and Symbian platforms.

We also find that although reach among the various operating systems is on a par, the engagement varies considerably. For instance, Android users are less engaged with their apps in comparison to iOS, RIM and Symbian. It is noteworthy that different apps have different levels of reach and engagement, this enables the understanding of how and why an app makes it big in the market.





Summary

The mobile market is evolving with impressive speed, bolstered by the popularity and growing interactivity of mobile apps.

As companies' digital strategies become increasingly important, mobile apps have become a means of attracting and engaging consumers in innovative ways. However, the apps market is extremely

crowded and it is essential that apps are able to stand out from the crowd and fulfil the needs of their users.

Ipsos MediaCT understands the importance of mobile apps and have designed a range of research tools to provide insights into the market and assist our clients in monitoring app usage. We would be delighted to discuss the findings in more detail with you.

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