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Foreword

As we approach the 30th anniversary of the first ever mobile phone call made in the UK, our collective dependency on cellular mobile services continues to rise.

Welcome to the fourth annual edition of the UK Mobile Consumer Survey.

The *Mobile Consumer 2014: UK cut* analyses five of the key sub-trends that we see happening in the mobile industry:

- Tens of millions of us reach for our phones as soon as we wake; younger generations glance at their phones dozens of times a day; many of us ashamedly admit to looking at our phones before turning in for the night.
- Messaging has been one of the most talked about services this year, with a common assumption being that text messaging via SMS has declined markedly due to the rise of mobile instant messaging (MIM). In the UK, SMS remains in common use and MIM services are still only used frequently by a minority of phone owners.
- As the data functionality of smartphones becomes more powerful, network operators' differentiation is likely to shift: for the first time, the quality and pricing for cellular data connectivity has become more important than that for voice emphasizing the importance of 4G.
- The nature of the apps market is also evolving. Smartphones users use apps with enthusiasm, but the number of apps we download continues to fall. Newer smartphone users tend to be late adopters and less fond of apps; existing app users have less need for new apps.
- One of the most talked about apps categories is financial services. For many years, there have been expectations that the UK and other developed countries may follow the lead of sub-Saharan Africa in using mobile networks as de-facto banks. However the UK public's interest in using phones for financial transactions remains modest.

We hope you find these insights useful and we welcome further conversations based on the full data sets.



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Smartphones: wake up and plug in



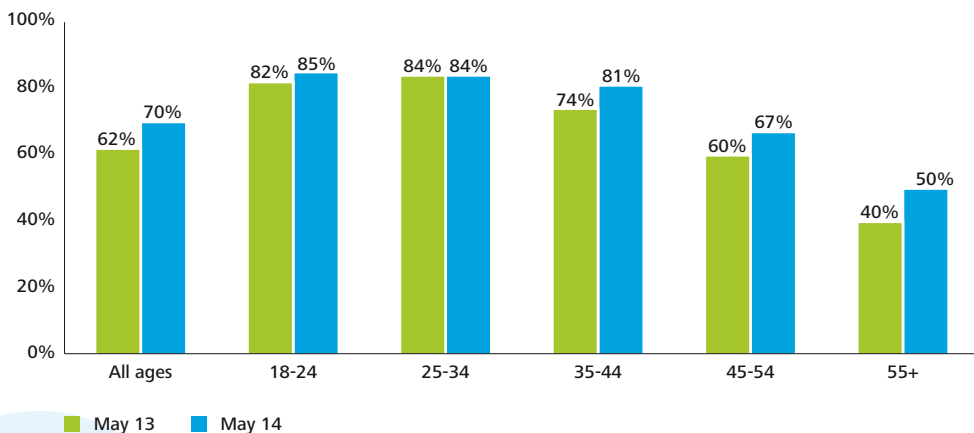
We are all aware that for many people – today arguably the majority of UK citizens – the smartphone has become an integral part of their lives. This year's survey has shown that the intensity of the relationship with our smartphones has ratcheted up further.

More than two in three UK adults – about 35 million people – now have a smartphone. This is eight percentage points higher than in 2013, with the biggest rise in penetration among 55 year-olds (see Figure 1).¹ At the same time, smartphone capability and utility has increased.

Today, an increasing number of consumers are using their smartphone for tasks that were previously available online only on PCs. Checking bank balances with a smartphone has seen a sharp increase in usage: 40 per cent of respondents did this in 2014, a ten percentage point rise on 2013. More than a third of UK respondents have made an online purchase on their smartphone. In many ways, smartphones have become essential to our lives thus making many of us addicted to them.

Figure 1. Smartphone penetration by age group (May 2013 and May 2014)

Question: Which, if any, of the following devices do you own or have ready access to?

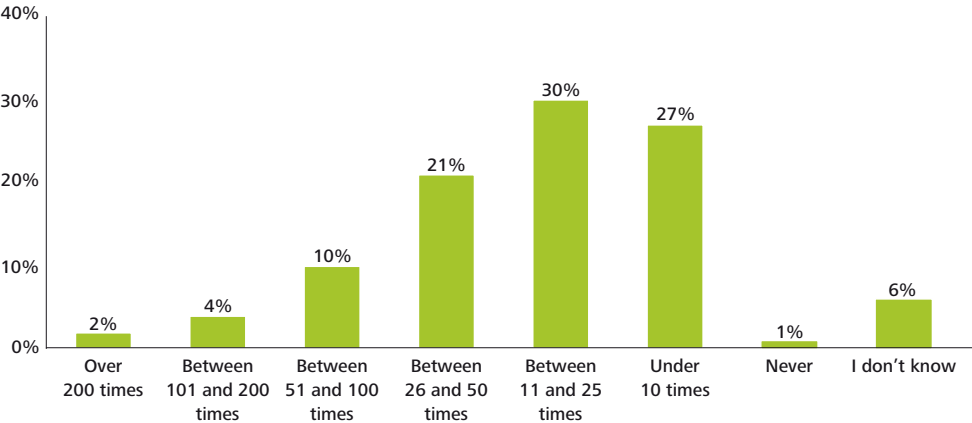


Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2013, May 2014
Weighted base (2013/2014): All respondents (4,020/4,000)

Smartphones: always checking in

We don't seem able to leave our smartphones alone. About one in six UK adults who own a smartphone (equivalent to about six million people) look at their phone more than 50 times a day (see Figure 2). About a third of UK adults who own a smartphone (equivalent to about 11 million people) look at their phone within five minutes of waking and almost half within 15 minutes (see Figure 3); among 18-24 year-olds this proportion is 67 per cent.

Figure 2. Frequency of looking at smartphone on a daily basis
Question: How many times would you estimate you look at your phone in a day?



Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who own or have access to a smartphone (2,802)

Figure 3. The interval between waking up and looking at smartphones

Question: Typically how long is the interval between you waking up and looking at your smartphone for the first time (not including turning off your phone’s alarm clock)?

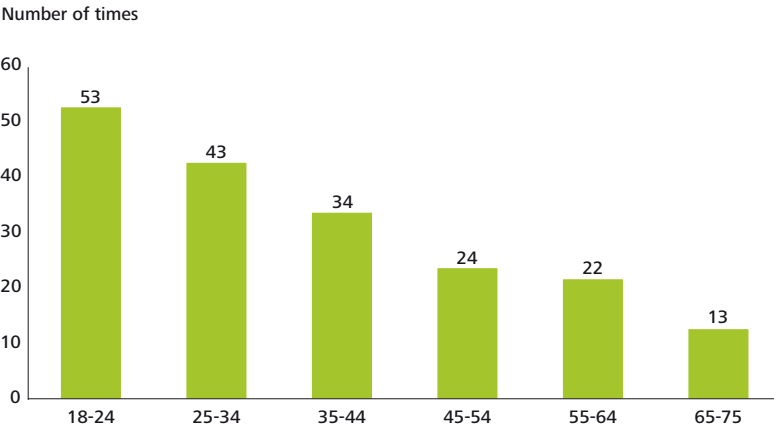


Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who own or have access to a smartphone (2,802)

The waking routine of most smartphone owners now starts with checking who has been in touch with them overnight. The smartphone application that is used first thing in the morning by most respondents is SMS (accessed first by 33 per cent) followed by email (by 25 per cent) and social networks (by 14 per cent).

While overall usage is increasing, there is a continuing gap in intensity of usage between age groups. 18-24 year-olds check their device on average 53 times a day (see Figure 4), and for 13 per cent the figure is more than 100 times. In comparison, 65-75 year olds check their device a mere 13 times a day on average, and 56 per cent less than ten times.

Figure 4. Average number of times respondents look at their phone (age group comparison)²
Question: How many times would you estimate you look at your phone in a day?



Note: Those who responded 'Don't know' have been excluded from this analysis
Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who own or have access to a smartphone (2,802)

Differences in frequency of usage by age group reflect the different types of apps used by each group. Mobile instant messaging (MIM) and social networking apps are more popular with younger age groups and are more likely to be used several times every day.

Connectivity – core smartphone functionality

As Internet access becomes more essential, consumers' priorities for connectivity change. According to the survey results, when asked about a possible reason for changing their mobile network provider in the future, a larger proportion of smartphone owners answered 'network quality for Internet' (20 per cent) than those saying 'network quality for phone calls' (16 per cent).

Bottom line

The smartphone has rapidly become the device that many of us cannot live without. The demand for uninterrupted Internet connectivity will increase as what we do with our phones becomes ever more important. Mobile operators need to mirror the criticality of smartphones in their network performance.



Mobile instant messaging and SMS: a complement and a competitor



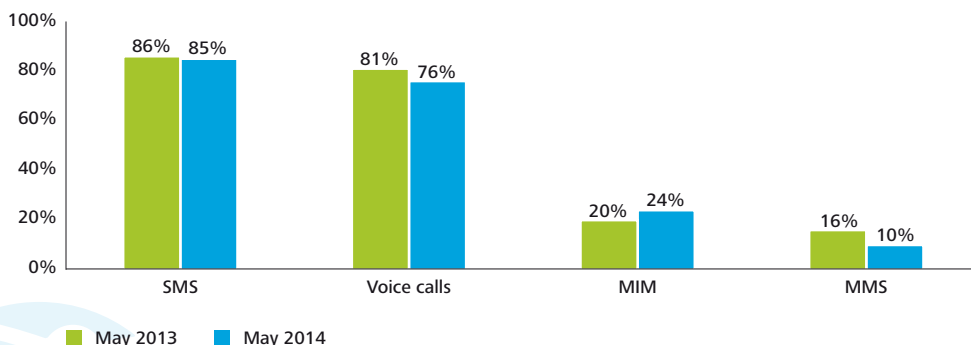
Mobile instant messaging (MIM) services have grabbed the headlines in 2014, because of their valuations as well as their volumes.³ MIM is often considered a cheaper and higher-functionality replacement for SMS. Although MIM has so far not displaced SMS in the UK and is currently used by a minority of UK consumers, its success points to risks that may be facing mobile operators.

MIM: small number of users, large volumes

The UK Mobile Consumer Survey found that a quarter of respondents had used MIM in the previous seven days. This would represent about 14 million of the 55 million mobile phone users in the UK, much lower than the over 45 million individuals who send SMSs weekly.⁴ MIM has seen modest growth of only four percentage points since 2013 (see Figure 5).⁵ During the same time, it has had little impact on SMS, with the proportion of UK consumers using SMS within the previous seven days falling by just one percentage point. SMS volumes are expected to fall to about 140 billion in 2014, five billion less than in 2013, and a further seven billion less than in 2012, the peak year for SMS volumes in the UK.⁶

Figure 5. Weekly use of different forms of communication (May 2013 and May 2014)

Question: In the last seven days, in which of the following ways did you use your phone to communicate with others?



Note: MMS (multimedia messaging service) refers to picture or video messages

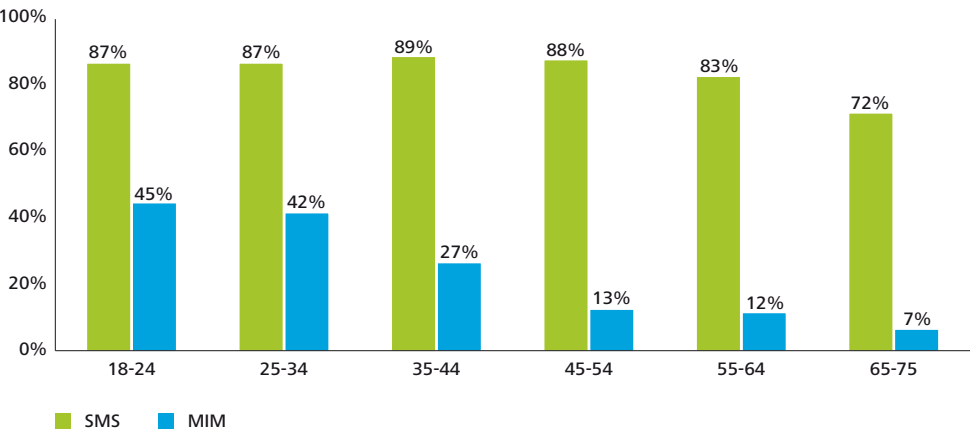
Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2013, May 2014

Weighted base (2013/2014): Respondents who own or have access to a standard phone/smartphone (3,756/3,676)

However while the number of MIM users is low, this minority sends an average over 55 MIMs a day. This would suggest a total of 300 billion MIMs in the UK during 2014. In comparison, the average number of SMSs sent per day is eight.

A key reason for the large volumes of MIMs is their appeal to younger consumers. Almost a half of respondents in the 18-34 age group had used MIMs within the previous seven days, compared with less than 15 per cent of respondents aged 45-75 (see Figure 6). Deloitte estimates that some young adults may now be sending 100,000 MIMs in a year.

Figure 6. Weekly use of SMS and MIM by age group
Question: In the last seven days, in which, if any, of the following ways did you use your phone to communicate with others?

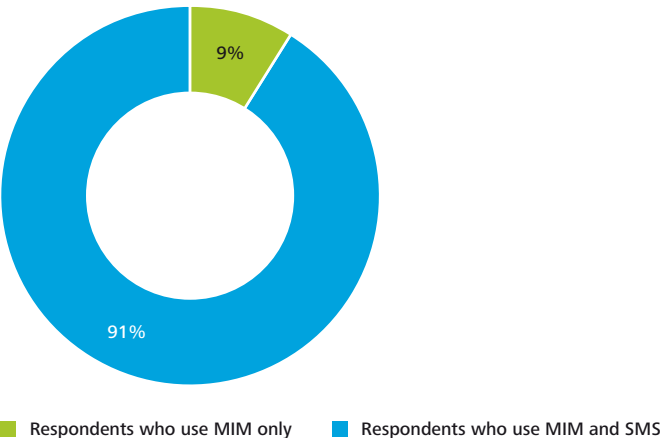


Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who own or have access to a standard phone/smartphone: (3,676)

Despite the intensity of MIM usage, SMS has not been displaced. SMS is the only messaging service that works on all phones and the only service that will work in the absence of data connectivity. The survey results show that 91 per cent of MIM users also send SMSs (see Figure 7).

Figure 7. Relationship between MIM and SMS usage

Question: In the last seven days, in which of the following ways did you use your phone to communicate with others?



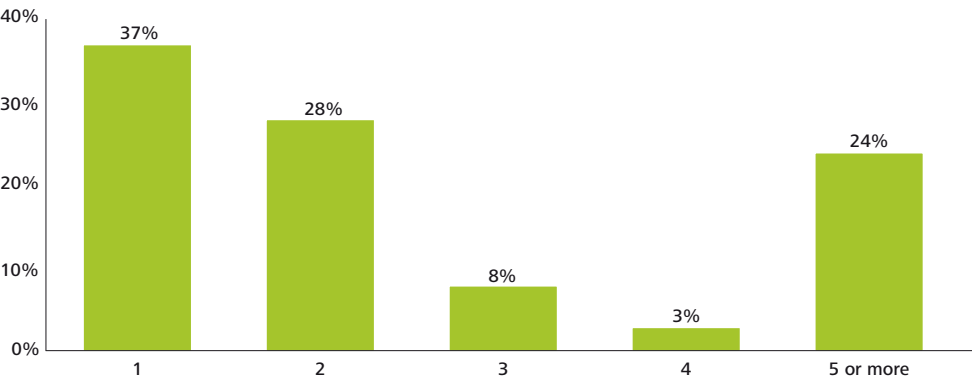
Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who use MIM each week (898)

There are, and will continue to be, many situations where SMS remains the only option such as in areas with poor or no Internet connectivity or when users don't have access to the same app. However the reasons for using MIM point to a potential effect in the longer term on mobile operators.

The network effect: the more the merrier

MIM services are incompatible with each other, which can easily lead to fragmentation. However, the UK MIM market shows signs of consolidation. According to the survey results, almost two thirds of respondents use either one or two apps on a weekly basis (see Figure 8).

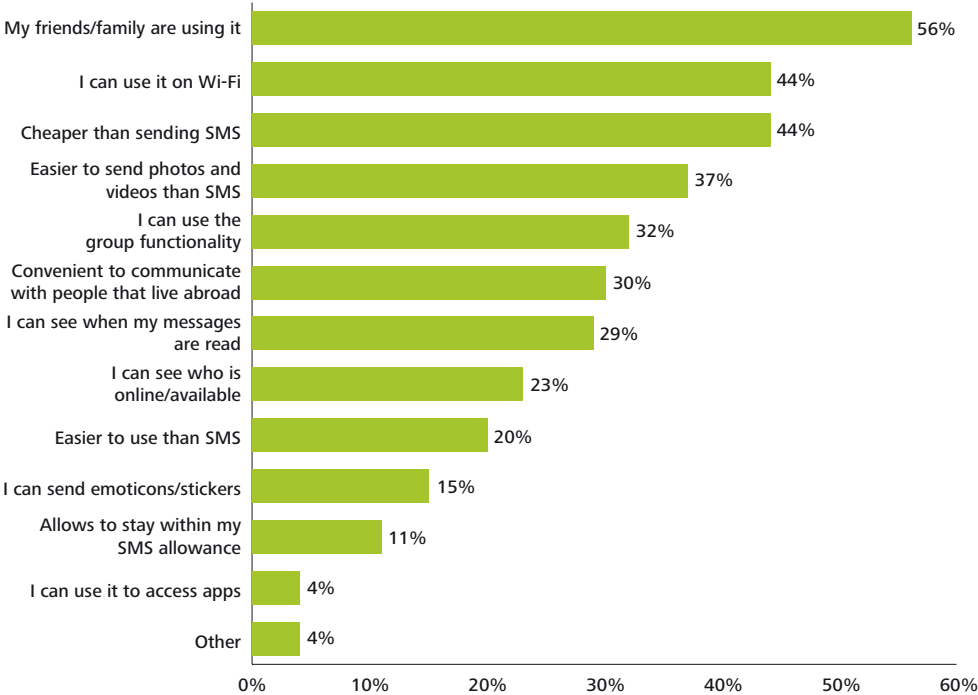
Figure 8. Number of MIM apps used on a weekly basis
Question: On a weekly basis, how many MIM apps do you normally use?



Note: Those who responded 'Don't know' have been excluded from this analysis.
Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who use MIM each week (898)

The limited fragmentation in the UK is linked to the heavy reliance of MIM services on the network effect: every additional user makes the service more useful for the user group as a whole. The survey results found that the key reason for greater use of MIM in the past year had been that ‘other friends and family are using it’ (see Figure 9). Contact list integration and easy sign-up mechanisms have been crucial in helping services such as WhatsApp achieve this network growth. In all probability, there will only be room in each country for a very small number of MIM service providers.

Figure 9. Reasons for using MIM more frequently this year
Question. You told us that compared to 12 months ago, you use MIM more frequently. Which if any of the following describe why?



Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Base: Respondents who use MIM more frequently than 12 months ago (596)

MIM is seen as cheaper despite the availability of unlimited SMS packages

Further reasons for the increase in MIM usage over the past year relate to price. Despite the fact that all UK operators now offer unlimited SMS packages, MIM users consider it to be cheaper. 44 per cent use MIM more frequently because they 'can use it on Wi-Fi' and the same proportion because 'it is cheaper than SMS'. Another cost-related factor may be that consumers need to pay a specific fee for SMS, whereas MIM data usage will be deducted from one pot of data with less visibility on the amount of data used.

Most MIM communications include photos and/or videos in addition to text-based material. MIM users send on average more than one photo a day and a video every five days.⁷ If consumers were to send 30 photos each month via MMS – the mobile operators' standard for sending multimedia files – it would cost £12.⁸ By comparison, sending the 30 photos via WhatsApp using their mobile data allowance would require around four megabytes.⁹ This is less than one per cent of a one gigabyte data bundle costing £10.¹⁰ It therefore comes as little surprise that MMS is currently used by just 10 per cent of respondents each week.

Bottom line

The appeal of MIM will make many consumers question the need for unlimited SMS packages, which could restrict mobile operators' ability to charge for them. This would have a negative effect on already-declining SMS revenues.¹¹ As more consumers become acquainted with using apps for communicating, they may also embrace Voice over IP (VoIP), which is much more data-intensive, as a substitute for standard voice calling.¹²

In all probability, there will only be room in each country for a very small number of MIM service providers.



4G: the new normal



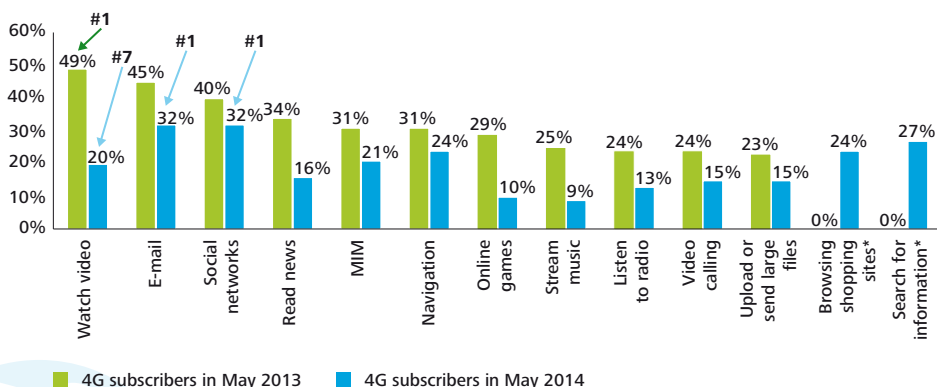
As 4G approaches its second birthday in the UK, it is enjoying fast take-up rates, with subscriber numbers likely to exceed ten million by the end of the year, more than treble the base as at the end of 2013.¹³

4G offers significantly greater speeds than 3G, with actual speeds attainable varying by country. In the UK, 4G's actual speed is estimated at 15 Mbit/s-20Mbit/s downstream, approximately four times faster than 3G.¹⁴ This is ample for video streaming. When 4G was launched, it was expected to transform consumer behaviour, with video being a major application.

In 2013, when we asked respondents with 4G which applications they were using more frequently since taking up 4G, watching video was the number one response. This year, among a much larger base of 4G subscribers, watching video had fallen to seventh place (see Figure 10). Only 20 per cent of respondents were watching more video since subscribing to 4G, a significant decline compared to 49 per cent in 2013.

Figure 10. Services more frequently used since subscribing to 4G (May 2013 and May 2014)

Question: Since you started to subscribe to a 4G service, which of the following do you do more frequently through your mobile network?



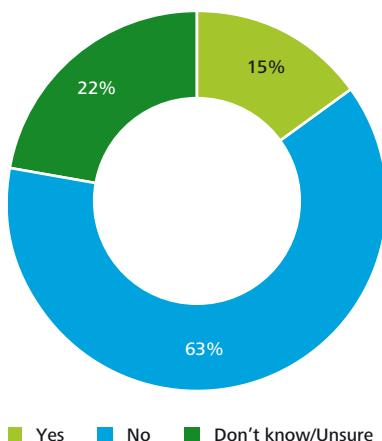
Note: The options 'Browsing shopping websites' and 'Search for information' were not included in the 2013 questionnaire.
Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2013, May 2014
Weighted base (2013/2014): Respondents who subscribe to 4G (109/312)

There are several reasons for this change. First, at the time of last year's survey, May 2013, 4G was in its infancy: only EE had been offering 4G for over six months; Vodafone and O2 did not launch their service until August 2013 and Three did not launch until December 2013. In addition, many 4G users as of May 2013 were early adopters, satisfied with a narrow range of phones, less price-sensitive and more willing to pay a premium for the service, and eager to experiment with the new technology. Use of video may also have been driven by special offers available, several of which were for free video downloads.

In this year's survey, undertaken in May 2014, the proportion of respondents with 4G had more than trebled to eight per cent of the sample, and many did not pay a premium for the service (see Figure 11). In terms of usage, we are seeing what we believe is more of a steady-state consumption pattern. Email and social networks are now in joint first place in terms of applications used more since adopting 4G. The third-placed application was search and joint fourth were navigation and browsing shopping websites. These are also popular applications on 3G, but they are easier to use on 4G due to faster download speeds, and so are used more frequently.

Figure 11. Premium paid for 4G

Question: Do you pay a premium for the 4G/LTE service relative to what you were paying for Internet before you subscribed to 4G/LTE?



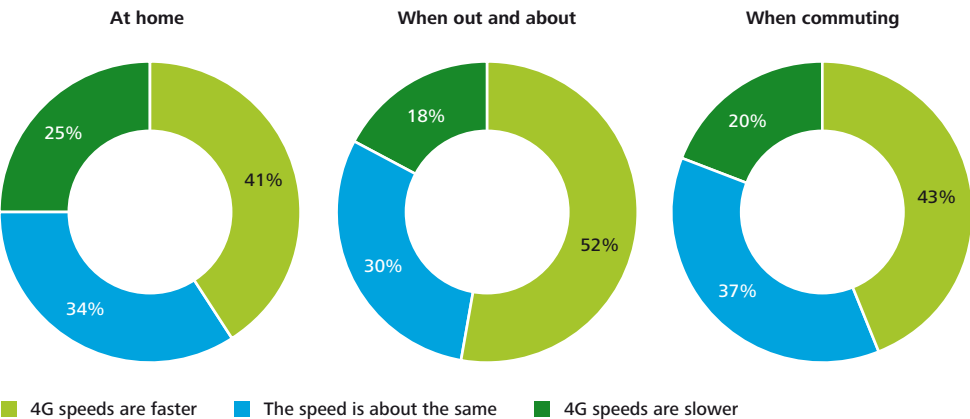
Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who subscribe to 4G (312)

An additional reason for poor video take-up relates to data allowances: a quarter of 4G subscribers have a data allowance of less than one gigabyte which allows about one hour of video streaming. About a third of 4G subscribers have a data allowance of between one and three gigabytes; and while this would allow a few hours of video streaming to a phone, consumers may avoid using it due to concerns about exceeding their allowance.

4G squares up to Wi-Fi

Another consequence of small data allowances is a preference for Wi-Fi instead of cellular mobile. Over the last three years of the Mobile Consumer Survey, Wi-Fi has been the preferred network connection for the majority of UK smartphone users, including 4G subscribers. In addition to cost, speed was another reason for this. However, 4G speeds are seen by our respondents as faster in public locations, such as restaurants or shopping malls (where Wi-Fi hot spots can readily become congested), when commuting and in the home (see Figure 12).

Figure 12. Respondents’ perception of speeds received via 4G as compared to Wi-Fi, by different location of usage
Question: How do the 4G speeds on your phone compare with Wi-Fi speeds in the following places?



Note: Those who responded ‘Don’t know’ have been excluded from this analysis
Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who subscribe to 4G and are using Wi-Fi in the following locations: At home (306), When out and about (292), When commuting (275)

Bottom line

In the short term, 4G data allowances may continue to inhibit video consumption. Deloitte expects that watching video on 4G will remain occasional and used for short video clips rather than films or TV programmes. While 4G may not be changing the services for which smartphones are used, it is certainly enhancing the use of existing services. To maintain the consistency of their experience many may avoid using Wi-Fi networks especially when manual sign-in is required, such as in coffee shops and while commuting. This may create the need for higher data allowances, thus increasing operators' ability to charge a premium for 4G.

When 4G was launched, it was expected to transform consumer behaviour, with video being a major application.

INDIE GAME SHOWCASE

Featuring Threes



Day
s



FIFA 14 by EA
SPORTS
Games
FREE



Cheshire Cat
Dark
Games
FREE



Cheshire Cat
Dark
Games
FREE



Cheshire Cat
Dark
Games
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Cheshire Cat
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Games
FREE



The app store business: beware the gold rush



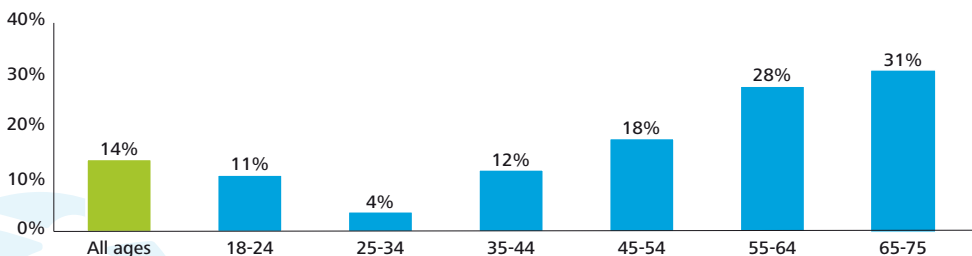
Over the years, app stores have passed some impressive milestones: one hundred billion apps downloaded by July 2013, two million apps available by October 2013, and the first app to hit one billion downloads on one app store by May 2014.¹⁵

While the aggregate number of downloads remains impressive, the UK Mobile Consumer Survey is showing a decline in average number of apps downloaded per user. Among smartphone owners, excluding those who have never downloaded an app, the average number of downloads per month fell from 2.4 in 2013 to 1.8 in 2014.¹⁶ Only a small proportion (just over 10 per cent) of consumers make app-related purchases. Consumers' reducing appetite for downloading apps (even if they may use them frequently) and the limited take-up of app-related purchases may be casting a shadow over the market.

There are three main reasons for the decline in the number of app downloads. First, as the base of smartphone users has grown, the appetite for apps among new users has lessened. Recent adopters of smartphones tend to be more laggards than early adopters. In 2014, smartphone penetration growth was highest among the over-55s, reaching a total of 50 per cent, ten percentage points higher than in 2013. The survey shows that 30 per cent of smartphone users in this age group had never downloaded an app, compared with just four per cent among the 25-34 year-olds, the earlier adopters of smartphones (see Figure 13).

Figure 13. Respondents who have never downloaded an app by age group

Question: How many apps do you download on your phone in a typical month (*respondents who have never downloaded an app*)?



Source: Deloitte Global Mobile Consumer Survey, UK edition, July 2014

Weighted base: Respondents who connect their smartphone to the Internet: (1,244)

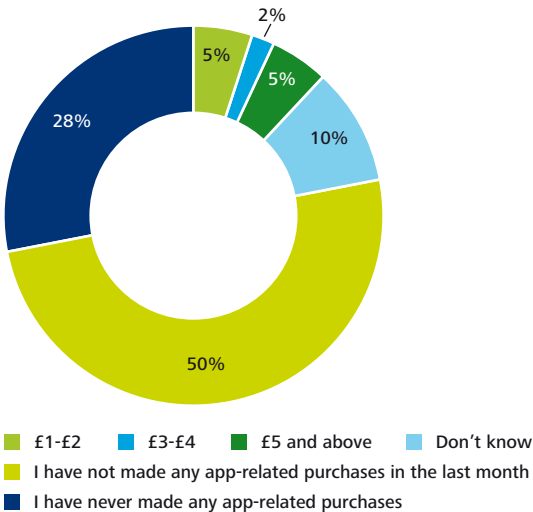
Second, given the maturity of the market, most smartphone users already have the apps that they need, and their demand for new apps is not as strong. In addition, as the quality of apps improves, people use them for longer and feel less need to replace them. Among our respondents, 31 per cent of smartphone users had not downloaded an app in the previous month and 12 per cent had downloaded only one.

Third, consumers may use their smartphone to access a mobile website rather than download a specific app, especially for just occasional use.

App-related purchases: a low-spenders business

The UK has a significant share of the global app-related purchase market: for the two main app stores, the UK ranked number four and number five in terms of revenue generated by country in Q1 2014.¹⁷ However, these revenues are generated by a minority of smartphone owners. According to the survey, only 12 per cent pay for apps or app subscriptions or make any in-app-related purchases, such as additional lives or credits for games each month (see Figure 14).¹⁸ Average monthly spend on apps, excluding those who have never made an app-related purchase, was £1.20 per smartphone owner.

Figure 14. Smartphone users’ monthly app-related expenditure
Question: How much do you spend per month on apps/games, including purchases that you make via the apps on your phone? Please include any app subscriptions that you have and pay per month.

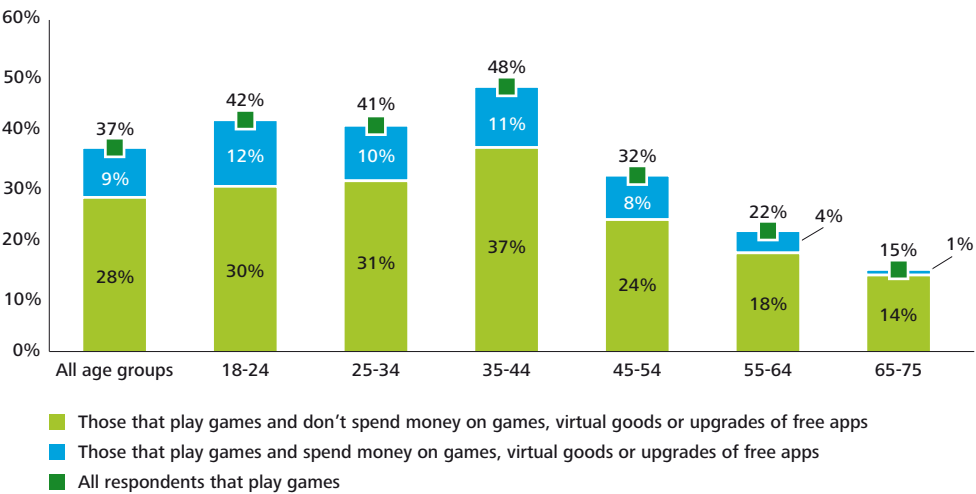


Source: Deloitte Global Mobile Consumer Survey, UK edition, July 2014
Weighted base: Respondents who connect their smartphone to the Internet (1,244)

Many play but few pay

Playing games is one of the most popular activities on smartphones. According to our research, more than a third of UK consumers play games weekly. ‘Games’ is also the highest-grossing app category, accounting for over three quarters of app store revenues.¹⁹ However, the survey results show that of the third of respondents who play games on a weekly basis, just nine per cent spend any money on their apps. The 18-24 year olds are those most likely to make purchases (see Figure 15).

Figure 15: Split between smartphone owners that play games and make app-related purchases and those that do not make app-related purchases
Question: In the last 7 days, for which, if any, of the following activities have you used your phone for? In the last month, which of the following did you purchase for your phone?



Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who connect their smartphone to the Internet (2,443)

Subscription services are still a niche market

Other sources of revenue for app stores are subscription-based streaming services for films and music.²⁰ Watching films on a phone is difficult due to the small screen, but music is well-suited to smartphones. Even in this section of the market, most consumers prefer to listen to tracks stored on their phone (29 per cent of respondents) rather than via an Internet-based streaming service (a tenth of respondents). Deloitte's view is that the quality of the Internet connection and fears of exceeding data allowances are important barriers to wider adoption of media streaming services.

Bottom line

As the UK base of smartphone users expands and consumers get the apps they want, the average number of app downloads per smartphone user is likely to decline. Consumer appetite for app-related purchases or subscription-based services does not seem likely to change, when so much is available for free. For developers, games and content makers, this will raise questions about the size and profitability of the mobile market and may need to look for additional revenue streams. Advertising is likely to become an increasingly important source of revenue (just seven per cent of the total today).²¹

Given the maturity of the market, most smartphone users already have the apps that they need, and their demand for new apps is not as strong.

20:42

70% 

Log out



Mobile Money

PROCESSING



Pay MR. Smith

Acct no: 1234 **** **

£25.00

Transfer



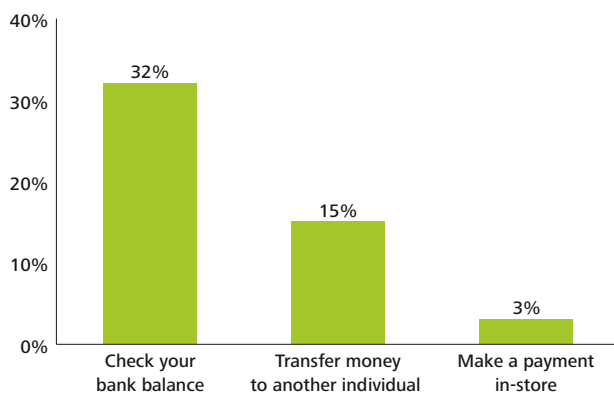
Mobile 'money' apps: a mixed outlook



Three types of mobile 'money' services in the UK are at different stages of roll-out, awareness and adoption. The 2014 UK Mobile Consumer Survey results show that UK consumers are currently more open to the use of apps for checking bank balances than to transfer funds or make in-store payments (see Figure 16).

Mobile banking apps, available from all the major retail banks, are already well-established and their popularity is a function of device penetration as well as consumer confidence; mobile money transfer and in-store payments apps are at an earlier stage of adoption.

Figure 16. Respondents who used mobile 'money' apps
Question: Have you ever used your phone for any of the following?



Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who own or have access to a standard phone/smartphone (3,676)

Mobile money transfer. Apps such as Pingit allow UK current account holders to make or receive payments using a mobile phone number in lieu of a bank account number and a sort code. The service typically requires both the sender and receiver of money transfers to have the same app and for their phone number to be registered. Mobile money transfer apps can be used to pay a friend or a business (such as a restaurant or a tradesman) and in some cases to send money abroad. Some UK banking apps also enable transfers to friends or family members using the mobile phone number as the identifier.

Mobile in-store payments. Apps such as EE's Cash on Tap, allow users to make contactless in-store payments by tapping a Near Field Communication (NFC)-enabled phone to a contactless reader at the point of sale, similar to contactless card payments.²² Mobile payment apps can be used to make in-store purchases or pay for public transport with a transaction limit of £20. Money is pre-loaded on the account using a debit card or credit card.²³

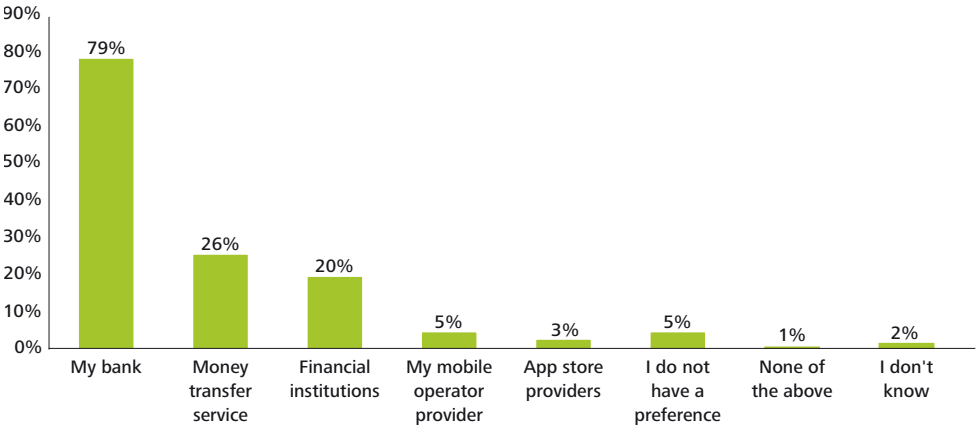
Mobile money transfers: a crowded marketplace

The money transfer services deployed by mobile operators which have achieved broad success in parts of sub-Saharan Africa have prompted many commentators to foresee similar adoption patterns in developed markets.^{24 25} However, a principal reason for the uptake of mobile money transfer in parts of Africa is the lack of alternatives. In the UK, transferring money is simple to effect via online banking mobile banking apps, and mobile transfer apps. Despite the variety of choices, only one in seven respondents have used their phone to transfer money.

In addition, the market is dominated by banks, leaving little room for new entrants. More than three quarters of respondents prefer to use their bank for transferring money by mobile, many more than those preferring mobile operators (five per cent) and app store providers (three per cent) (see Figure 17).

Figure 17. Money transfer provider preference

Question: Who would you prefer to process your mobile money transfer service?



Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who would like to transfer money (910)

Mobile in-store payments: a slow start

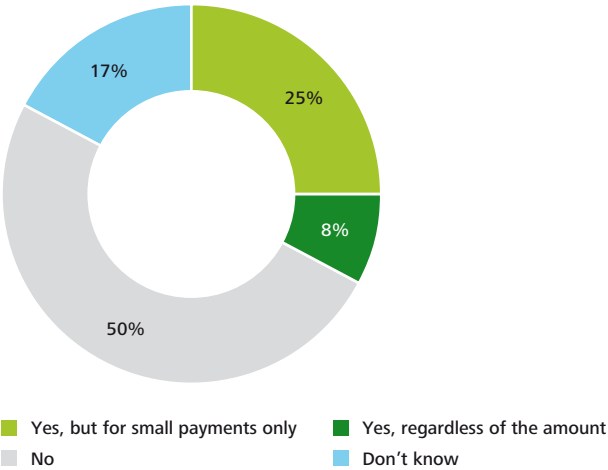
Three years ago analysts were forecasting the global annual value of transactions via mobile payment apps and enabled by NFC technology to reach \$40-\$50 billion globally by 2014.²⁶ However, deployment and uptake has been slower than anticipated; transaction values in 2014 are expected to be less than \$10 billion.²⁷ Various solutions have been trialled by banks, financial institutions, mobile operators and retailers, but none has made any significant inroads.

In the UK, mobile payment apps are at a considerably earlier stage of deployment than mobile banking or money transfer apps, and only one is currently in commercial use. A key barrier to deployment has been the limited availability of NFC-enabled phones. At present, only a few high-end phones are NFC-enabled.

Another barrier to the uptake for mobile payment apps is the growing popularity of contactless cards. There are already more than 40 million contactless cards in use in the UK.²⁸ Spending via contactless cards is expected to average £6.1 million a week this year, almost double the average volume in 2013.²⁹

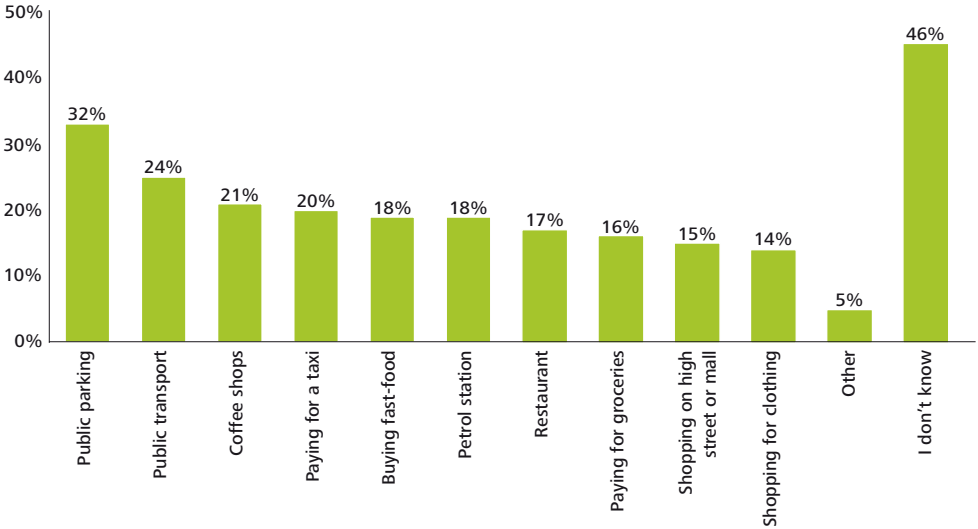
A third of respondents said that if a mobile payment solution became available, they would use it (see Figure 18). However, when asked to identify situations in which making small payments by mobile would be helpful, almost half of respondents could not think of one. This indicates a limited understanding of the potential benefits of mobile payments. Among the situations identified, payments for parking or public transport were the most common (see Figure 19).

Figure 18. Willingness to use mobile in-store payment solutions
Question: If a solution whereby you would be able to pay in shops by using your mobile phone, would become available, would you use it?



Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who have not used their phone to make a payment in-store (3,557)

Figure 19. Scenarios in which mobile in-store payment solutions could be used
Question: In which of the following scenarios would you find it beneficial to pay by using your mobile?



Source: Deloitte Global Mobile Consumer Survey, UK edition, May 2014
Weighted base: Respondents who have not used their phone to make a payment in-store (3,557)

Bottom line

While most mobile money transfer services in the UK are dominated by the banks, mobile payments are at an earlier stage of development and mobile operators still have a chance to capture this market. However they need to be aware that for many shoppers, using mobile payments apps will not seem any more convenient than contactless cards, and many may defer using them until the benefits become clear. Cross-sector collaboration with public transport institutions, retailers, restaurants and coffee shops is necessary to make the service more extensively available.

About the research

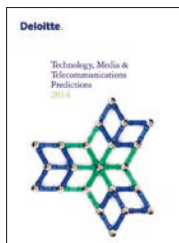
The UK data cut is part of Deloitte's Global Mobile Consumer Survey, a multi-country study of mobile phone users around the world. The 2014 study comprises of 37,000 respondents across 22 countries and five continents.

Data cited in this report are based on a nationally representative sample of 4,000 UK consumers aged 18-75. Fieldwork took place in May 2014 and was carried out online by Ipsos MORI, an independent research firm, based on a question set provided by Deloitte. An additional set of questions on downloads and expenditure of apps was carried out in July 2014 on a nationally representative sample of 1,956 UK consumers.

This brief report provides a snapshot of some of the insights that the survey has revealed. Additional analyses such as: reasons for buying mobile devices, device replacement cycle, reasons for joining/leaving mobile operators, attitudes towards triple/quad play, usage of tablets are available upon request.

For further information about this research, please contact:
mobileconsumer@deloitte.co.uk

Relevant thought leadership



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Deloitte's Technology, Media & Telecommunications (TMT) Predictions presents our view on the major trends that will impact UK businesses in 2014. Knowing what will come next has become a key competitive differentiator and can give your business a leading edge.

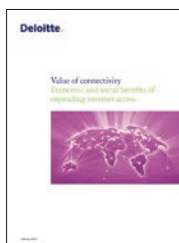
www.deloitte.co.uk/tmtpredictions



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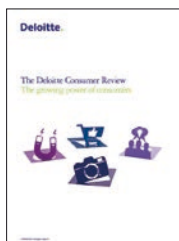
www.deloitte.co.uk/mediaconsumer



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Endnotes

- 1 Fieldwork for the 2013 and 2014 survey results took place in UK in May 2013 and May 2014 respectively. In both cases, the sample was nationally representative of the population aged 18-75.
- 2 The options given to this question were: 'Never', 'Under 10 times', 'Between 11 and 25 times', 'Between 26 and 50 times', 'Between 51 and 100 times', 'Between 101 and 200 times', 'Over 200 times' and 'I don't know'. To calculate the average number of times people look at their device, a mid-point has been taken for all the options with the exception of 'Never' where a value of zero has been used and 'Over 200 times' where a value of 250 has been used. Respondents who answered 'I don't know' have been excluded from this calculation.
- 3 For MIM volumes globally, see: Short messaging services versus instant messaging: Value over volume, Deloitte TMT Predictions, Deloitte Touche Tohmatsu Limited, January 2014: www.deloitte.com/predictions2014
- 4 Survey respondents were aged 18-75. Deloitte estimated a 45 per cent usage of MIM every week among those aged 12-18 year old, in line with respondents aged 18-24. Deloitte estimated that of the population aged 12+ (55 million), just over 80 per cent (equivalent to over 45 million people) are sending SMS every week.
- 5 Fieldwork for the 2013 and 2014 survey results took place in UK in May 2013 and May 2014 respectively. In both cases, the sample was nationally representative of the population aged 18-75.
- 6 For MIM and SMS volumes in UK, see: Short messaging services versus instant messaging: value versus volume, Deloitte TMT Predictions, Deloitte Touche Tohmatsu Limited, January 2014: <http://www.deloitte.co.uk/tmtpredictions/value-versus-volume/>
- 7 Source: WhatsApp passes 500 million active users, says over 700 million photos and 100 million videos are shared daily, The Next Web, 22 April 2014. See: <http://thenextweb.com/apps/2014/04/22/whatsapp-passes-500-million-active-users-says-700-million-photos-100-million-videos-shared-daily/>
- 8 The cost for MMS for photo files are priced at £0.40 per file by two major UK operators.
- 9 Deloitte assumed that each photo sent uses up 100 kilobytes. Files sizes are considerably compressed when sent via a MIM application and will not reflect the size before it has been sent.
- 10 For data only packages, see: Tablet data SIMs, Carphone Warehouse: <http://www.carphonewarehouse.com/sims/tablets>
- 11 Source: Falling SMS use resulted in a decline in retail mobile revenues in 2013, The Communications Market 2014 Telecoms and networks, Ofcom, 2014. See: <http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr14/telecoms-networks/uk-5.40>
- 12 One minute of a call via Viber, a popular VoIP app, is 240 kilobytes. The same data traffic would allow approximately 1,200 text based messages to be sent. See: Viber Data Usage – Viber Data Consumption per minute, Voipnina, 16 March 2014: <http://voipnina.com/viber-data-usage-viber-data-consumption-per-minute/>
- 13 At the end of 2013, EE had approximately two million subscribers. Source: EE reaches two million 4G customers as uptake accelerates, EE, 7 January 2014: <https://explore.ee.co.uk/our-company/newsroom/ee-reaches-two-million-4g-customers-as-uptake-accelerates>. Deloitte estimates approximately one million 4G subscribers among the other UK operators by the end of 2013.
- 14 Measurements for September 2013-May 2014 via the OpenSignal app show that 4G delivers speeds approximately four times higher than 3G. The app measures actual speeds consumers receive on their devices. For more details, see: <http://opensignal.com/>
- 15 For two million apps available, see: Apple announces 1 million apps in the App Store, more than 1 billion songs played on iTunes radio, The Verge, 22 October, 2013: <http://www.theverge.com/2013/10/22/4866302/apple-announces-1-million-apps-in-the-app-store>; for 100 billion downloads, see: Google Play Passes 50 Billion App Downloads, Mashable, 19 July 2013: <http://mashable.com/2013/07/18/google-play-50-billion-apps/>; for the first app to hit one billion downloads, see: Gmail Android app is first to hit one billion installations, The Guardian, 16 May 2014: <http://www.theguardian.com/technology/2014/may/16/gmail-android-app-one-billion-installations-google-milestone>
- 16 The analysis in this chapter applies to smartphone owners who use their device to connect to the Internet.
- 17 Source: In Q1 2014, UK was ranked number four and number five in terms of app store revenues in the two main app stores: App Annie Index – Market Q1 2014: Revenue Soars in the United States and China, App Annie, March 2014. See: <http://blog.appannie.com/app-annie-index-market-q1-2014/>

- 18 The question asked in the survey was: 'How much do you spend per month on apps/games, including purchases that you make via the apps on your phone?'
- 19 Source: Games Drive The Most Revenue On Apple's App Store And Google Play, 11 January 2013. See: <http://www.forbes.com/sites/chuckjones/2013/11/01/games-drive-the-most-revenue-on-apples-app-store-and-google-play/>
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- 21 Source: Gartner: 102B App Store Downloads Globally In 2013, \$26B In Sales, 17% From In-App Purchases, TechCrunch, 19 September 2013. See: <http://techcrunch.com/2013/09/19/gartner-102b-app-store-downloads-globally-in-2013-26b-in-sales-17-from-in-app-purchases/>
- 22 NFC technology enables a secure exchange of information between devices over a very short distance (usually up to four centimetres) at a relatively low transfer rate. NFC is ideal for transmitting small amounts of information with minimal set-up time and power consumption. NFC devices are compatible with RFID tags and contactless smart cards. For more information, see: http://www.rohde-schwarz.com/en/technologies/wireless-connectivity/rfid-nfc/rfid-nfc-technology/rfid-nfc-technology_55704.html
- 23 For more information, see: Getting cash on tap from EE, EE: <http://ee.co.uk/help/add-ons-benefits-and-plans/contactless-payment/cash-on-tap/getting-cash-on-tap>
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- 25 Source: African Lessons in Mobile Commerce, Tech Europe, 25 November 2011. See: <http://blogs.wsj.com/tech-europe/2011/11/25/african-lessons-in-mobile-commerce/>
- 26 Source: Yankee Group Forecasts Global Mobile Transaction Value Will Near \$1 Trillion by 2014, Yankee Group, 14 February 2011. See: http://www.yankeegroup.com/about_us/press_releases/2011-02-14.html; Source: Juniper: NFC Payments To Reach \$50 Billion Worldwide By 2014, TechCrunch, 7 June 2011. See: <http://techcrunch.com/2011/06/07/juniper-nfc-payments-to-reach-50-billion-worldwide-by-2014/>
- 27 Source: Gartner Says Worldwide Mobile Payment Transaction Value to Surpass \$235 Billion in 2013, Gartner, 4 June 2013. See: <http://www.gartner.com/newsroom/id/2504915>
- 28 Source: What is Contactless?, The UK Cards Association, May 2014. See: http://www.theukcardsassociation.org.uk/contactless_consumer/what_is_contactless.asp
- 29 Source: Britain embraces £1 billion-a-day digital banking "revolution", British Broadcasting Association, 8 July 2014. See: https://www.bba.org.uk/news/press-releases/britain-embraces-1-billion-a-day-digital-banking-revolution/#.U_lIZ8VdXpU

Notes

Notes

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