OpenCloud ‘My Mobile Lifestyles’ Survey 2009

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Executive Summary

Despite the deepest recession for three generations, the UK consumer's appetite for using his/her mobile phone remains undiminished. While belt-tightening exercises up and down the country have reduced demand for similar consumer technology goods – most notably previous star performers, such as MP3 players and games consoles – the financial pinch has had little impact on how often consumers pick up their phones, nor on how long they talk for.

This is not to say, however, that the country's leading mobile operators have nothing to fear. Quite the opposite in fact. While usage remains steady, an already disloyal customer base is more likely than ever before to jump ship to the competition in search of a better deal...which invariably means cheaper bundles (more free minutes and texts) and, significantly for operators wanting to keep subscribers, free handset upgrades.

Unsurprisingly perhaps, in an effort to control this appetite for mobile chat, consumers are ever more prepared to ditch their contracts in favour of pre-pay tariffs – more bad news.

Key findings also concerned the popularity of new generation mobile services – those outside the traditional voice and text message services and commonly referred to as 3G applications, including video messaging, video and music downloads and social networking applications such as YouTube and Facebook.

Performing 1,000 online interviews with UK shoppers in January 2009, the OpenCloud 'My Mobile Lifestyles' Survey provides insights to better understand consumer behaviour in this most pervasive of markets.

Methodology

The OpenCloud 'My Mobile Lifestyles' Survey comprised 1,000 online interviews undertaken with UK consumers. Conducted during January 2009, the survey provided an opportunity to capture and explore consumer attitudes to mobile phone usage, the types of services they desire, with relevant questioning surrounding the impact of the economic slow-down .

Respondents were drawn from UK regions (excluding Northern Ireland) and urban conurbations, including Greater London (37.2%), Cardiff (10.5%), West Midlands (10.3%) and Glasgow (9.7%). The ratio of male-to-female respondents was 51% and 49% respectively, and the average sample age was 39 years.

The research was conducted by Loudhouse Research, an independent consultancy based in the UK.

Reasons to Buy

Mobile choice

The OpenCloud ‘My Mobile Lifestyles’ research indicates that while consumers still value the handset brand and the ‘fashionable’ design, they are no longer key drivers in the purchasing decision. Indeed, handset brand was considered unimportant by 67 per cent of respondents, while less than half of those surveyed rated ‘design’ in their ‘top three’ criteria. Indeed, brand name was only considered to be the number one driver by less than 8 per cent of the sample. Here, women were significantly more apathetic about brand than their male counterparts. Price and the value of the bundle (i.e. free handset, cheap tariff) were top rated, alongside usability and functionality.

For those looking to buy a contract mobile phone (where a monthly subscription is paid), the cost of calls and number of free minutes was rated ‘important’ or ‘extremely important’ by over 87 per cent of consumers. Similarly, the cost of text messaging and free text bundles was important in the purchasing decision to 80 per cent of respondents – with women rating this significantly higher than men.

Interestingly, the price of text messaging was more important to the 25-34 year old demographic, in contrast to their younger counterparts (18-24 year olds), who, it has always been assumed, spend more time texting than any other surveyable age range.

Critical factors when purchasing mobile handsets

1	Handset Price	34%
2	Handset Usability	28%
3	Handset Functionality	29%

Figure 1: Table showing the top three factors considered when buying a pre-pay mobile phone. For example, 34%, the highest response, rated ‘Handset Price’ as the non.1 factor in the buying decision – 28%, the highest response, rated ‘Handset Usability’ as the second most important factor ...

Critical factors when choosing pay monthly packages

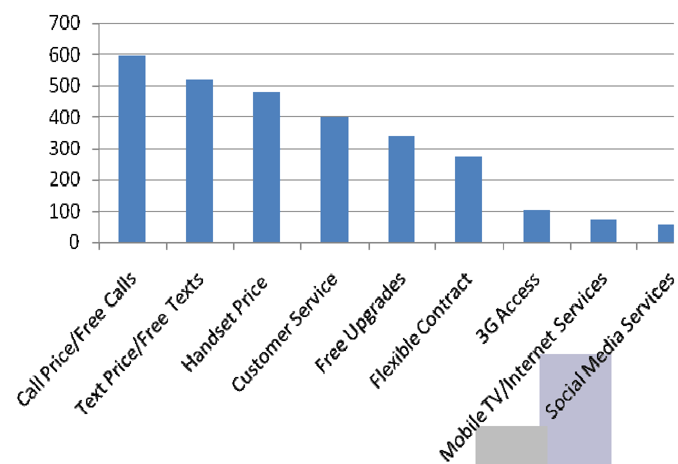


Figure 2: Graph showing the factors the sample consider ‘extremely important’ when choosing a pay monthly service

Social working?

The research also exploded the mobile social networking myth. While Facebook and YouTube attract hundreds of millions of users to their online sites each day, few see their mobile applications as purchasing drivers. The 'My Mobile Lifestyles' research highlights that over two-thirds of mobile users feel such applications are 'unimportant'. Indeed, the popularity of social networking via the mobile is questioned in today's economic climate with almost of quarter of respondents having reduced their usage of mobile social networking sites to drive down bill payments.

Continuing the theme, recommendations – from peer groups or review sites – are also found to be unimportant. A massive 96 per cent of consumers are not influenced by online reviews, while less than 15 per cent are swayed by recommendations from friends.

Customer still king

Perhaps reflecting the increased complexity of today's mobile handsets and the vast array of tariffs now being offered by mobile operators, customer service is significant when choosing a contract mobile phone package, with 82 per cent of consumers agreeing that customer service was 'important' or 'extremely important'. Again, there was a gender split, with women feeling service was more important when buying a contract package than men.

Least important factors when choosing pay monthly packages

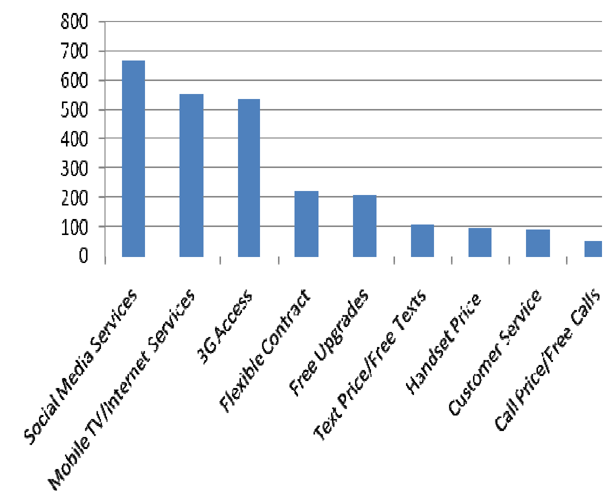


Figure 3: Graph showing the factors the sample consider 'least important' when choosing a pay monthly service

Reducing the bill

3G declining

Mobile operators are investing millions of (GB) pounds in new technologies (such as 3G, HSDPA etc) to bring to market a host of exciting multimedia services so the question is, 'is it worth it?'. From the respondent sample, at least in the short term, the answer appears to be 'maybe' at best. Access to 3G services, such as video calling, video downloads, internet access and mobile TV are seen as unimportant by over 50 per cent of the sample when choosing a new mobile phone and contract bundle. This is in stark contrast to the 80+ per cent of consumers who highly value free text and voice minutes.

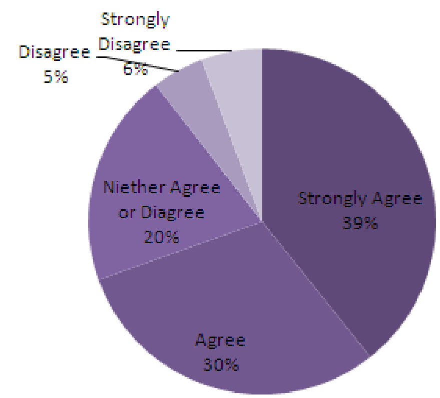
The survey highlights a perception that the market considers these 3G services to be expensive luxuries. Over 65 per cent of the 1000 consumers sampled said they would reduce their usage of mobile internet applications to save money. This is despite the fact that the majority of contract tariffs over £30 per month include 'all-you-can-eat' mobile internet bundles, that are not subject to additional costs for all but the heaviest of users. An assumption can then be made that the majority of consumers choose not to include the 'internet' option within their price plans.

Whatever the reality, these figures allude to a significant contrast in demand for traditional voice and text messaging and today's new breed of multimedia mobile internet applications. The former are undoubtedly 'must have' services even when money is tight, while the market's eagerness to stop downloading mobile music, turn off mobile TV or decline that 'data bundle' offered by the operator are clear indications of the perceived 'luxury' status of these new generation services.

Voice and messaging buoyant

Consumer usage of talk time and messaging remains steady, with the sample preferring to reduce the cost of calls rather than their volume. For example, a third of consumers would 'agree' or 'strongly agree' with the statement that "rather than reduce usage, to cut my mobile phone bills, I would opt for a cheaper handset". Similarly, two-thirds would most definitely look for cheaper contracts or tariffs. As previously highlighted, over 50 per cent of subscribers would look to move their mobile provider to downsize their bills, while half would migrate to pre-pay handsets and services.

Rather than reduce usage to cut my mobile phone bills, I would... limit my use of the more expensive applications such as internet access



Rather than reduce usage to cut my mobile phone bills, I would...change my mobile phone provider

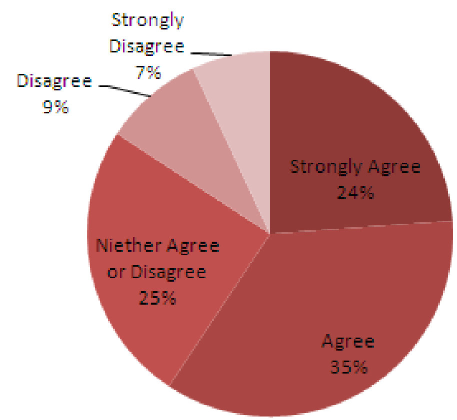


Figure 4: Graph showing the levels of agreement with the above statements.

Conclusion

The reemergence of voice and text

Fashion and form, it would appear, are taking backseats to financial prudence for today’s mobile consumers, according to the results of the OpenCloud ‘My Mobile Lifestyles’ survey. While the handset brand undoubtedly remains important in the buying decision, the ‘best value’ bundle (free handset and unlimited texts and voice minutes) is today’s recessionary head turner.

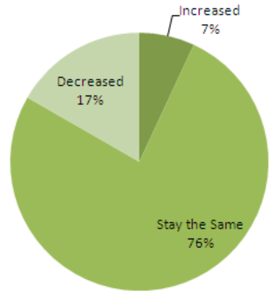
Similarly 3G services, such as mobile video, mobile TV, video messaging and mobile internet access, are no longer seen as important to the buying decision for the majority of mobile users. To reduce mobile bills, the sample preferred to decrease consumption of these services rather reduce time spent on voice calls. Indeed, while 75 per cent of the sample said their level of voice calls would remain the same (and 72 per cent stated their use of text would, likewise, remain the same) despite the downturn, 22 percent would reduce usage of video messaging, music downloads and mobile video, and other services requiring 3G access.

It is also interesting to note that the social networking phenomena, one of the biggest success stories of today’s wired internet, has yet to translate into the national mobile consciousness. While other research suggests usage is on the rise, responses to ‘My Mobile Lifestyles’ places such figures in context, suggesting that users will cease their mobile social networking activities while looking for ‘better value’ traditional voice and messaging services when money gets tight.

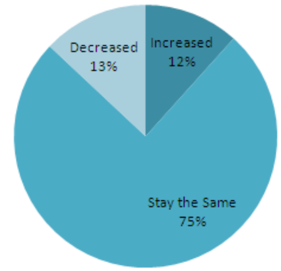
So, pragmatism seems to be the order of the day. The mobile phone is now so intrinsically linked to the lifestyle of its users that, rather than reduce their call volumes, today’s consumers will take the hit on ‘looking cool’ or ‘using the latest services’ to find the best deal – happy to search for the lowest cost pre-pay and contract voice and messaging tariffs.

Significantly, the survey shows that, at least in the short term, while consumers appear to take an apathetic view to new generation ‘3G’ services, the ones of most value, and those consumers will not consider losing – even in today’s cost sensitive market – remain person-to-person voice and messaging. Perhaps the mobile industry should be listening?

What impact will the recession have on the volume of voice calls you make?



What impact will the recession have on the volume of text messages you send?



What impact will the recession have on your usage of 3G applications and services?

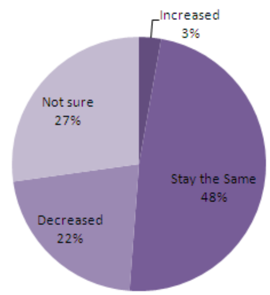


Figure 5: Graphs showing the impact of the recession on usage of the above services