



# CCS Insight

## Mobile Internet Usage in Europe, 2009

### Summary

## Executive Summary

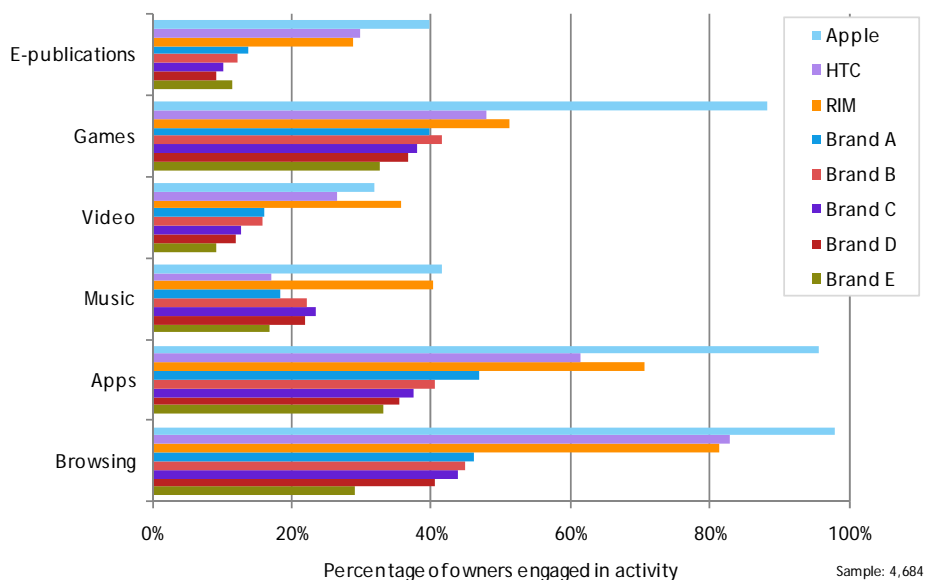
This survey of mobile Internet usage among young people covers Western Europe's five largest markets: France, Germany, Italy, Spain and the UK. In each country we surveyed 1,000 mobile phone owners aged between 16 and 35 in early December 2009.

Although there are, of course, differences between the national markets in our survey, the similarities in terms of buying, usage and interest in future services are more striking.

Across the five countries, 40 percent to 50 percent of respondents access the Internet on their mobile device. This is highest in France and the UK, lowest in Germany. People using the mobile Internet are bringing their PC Internet habits onto their mobile phone. Mostly they are using e-mail, social networking and instant messaging, and they are pointing their browser away from operators' portals. Almost all users of mobile Internet services download applications and games to their mobile devices, but music and video downloads are much less popular activities.

There is a strong link between people using mobile Internet services and their devices and tariffs. Most mobile Internet users have Nokia and Samsung phones, reflecting these brands' market share. But smartphones clearly give people a better experience on the Internet. As Figure 1 shows, levels of engagement are higher for owners of Apple, RIM and HTC devices than on other makes of phone.

Figure 1. Percentage of owners engaged in mobile Internet activities by brand



Also, the highest levels of usage come from people with an allowance of data bundled into their contract, or with a flat-rate plan. This appears to be at least as important in generating usage as the cost of going online.

Our survey finds that mobile Internet devices and services are used more by men than women in all five countries. The mobile industry is missing a large opportunity here. Women who do use mobile Internet services are just as active as men on most services, especially communication, which is now the main use of mobile Internet access.

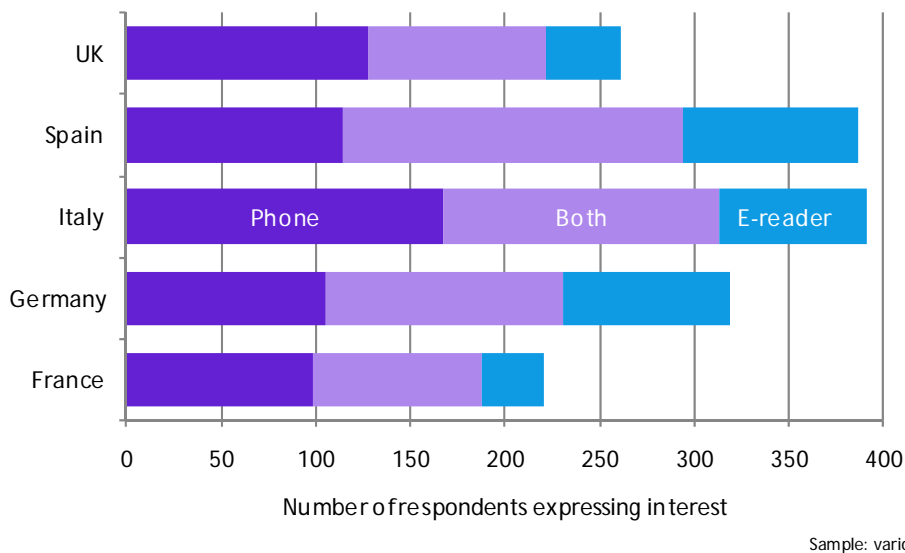
For games, music and video services the survey results highlight some concerns. The majority of respondents do not buy games, music or video downloads, and those interested in doing so generally want to pay half the average price paid by current buyers. A surprisingly high proportion (between 10 percent and 20 percent) say they would consider a monthly subscription, and have perceptions of pricing that are closer to today's levels.

In our view, video presents a significant danger to network operators and content providers. YouTube is the overwhelming choice for video clips; video consumption looks set to grow strongly and video technology is moving to higher-definition formats, which will

put a greater load on network capacity. Yet, because of YouTube, people are not willing to pay more for a video or a video download service than they are for a music track or a music download service.

E-publications show strong potential, with between 10 percent and 15 percent saying they already read them and up to 50 percent of respondents expressing an interest in doing so in the future. However, there will be substitution between device types. For e-books, half said they would use just an e-reader, while the other half said they would use their phone or both types of device. For e-newspapers and e-magazines, only 20 percent to 30 percent clearly favour e-reader devices. Figure 2 shows preferences for e-newspapers across the five countries surveyed.

Figure 2. Potential interest in e-newspapers on mobile devices



Most respondents to our survey are keen to see new services on their mobile phones. Nearly half say they would like unlimited music, while a quarter to a third would like a catch-up TV service. Augmented reality services such as Layar also generated high interest, with about a fifth interested.

The survey results highlight a serious problem for operators. They have invested heavily in games, music and paid-for video. But people's expectations about the cost of these services are being set by more general Web services. This marginalises the very areas operators had hoped would generate revenue.

As the price of smartphones falls in 2010 we expect mobile Internet usage to become a truly mass-market service, limited mostly by the availability of suitable tariffs. Operators need to address prepaid data plans, and work out what position they can hold in mobile Internet services if they are to be more than simple "bit pipe" providers.

There is a sizeable group in our survey who say they are not interested in the mobile Internet or any new services. They look set to stay on talk and text for some time. Between 30 percent and 45 percent of respondents in each country say they do not want music, video, games or e-publications. Up to a fifth say they are not interested in any of the new services we suggested. For network operators, content providers and handset manufacturers, these groups are a significant opportunity.

## Sample Pages

The following two pages are taken from the full report.

For details of how to obtain a copy of Mobile Internet Usage in Europe, 2009, see <http://www.mobileinternetreport.com>

## Frequency and Type of App Download

Figure 9. France: Frequency of app downloads

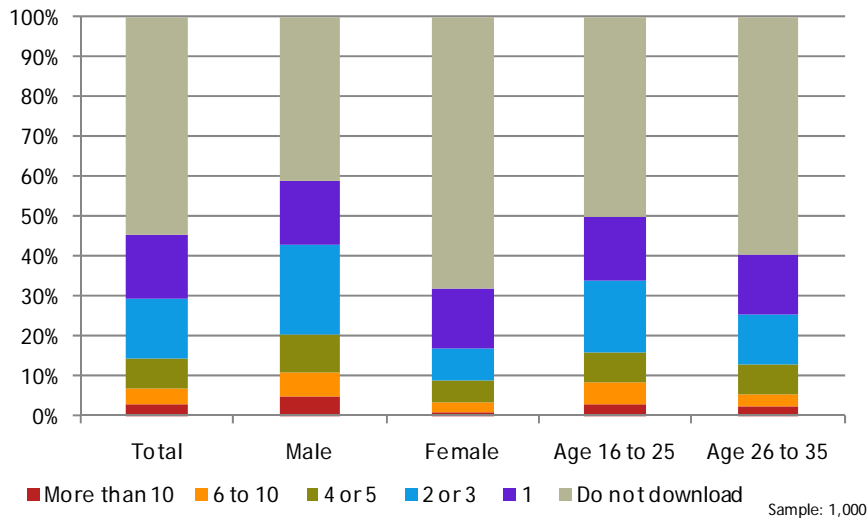
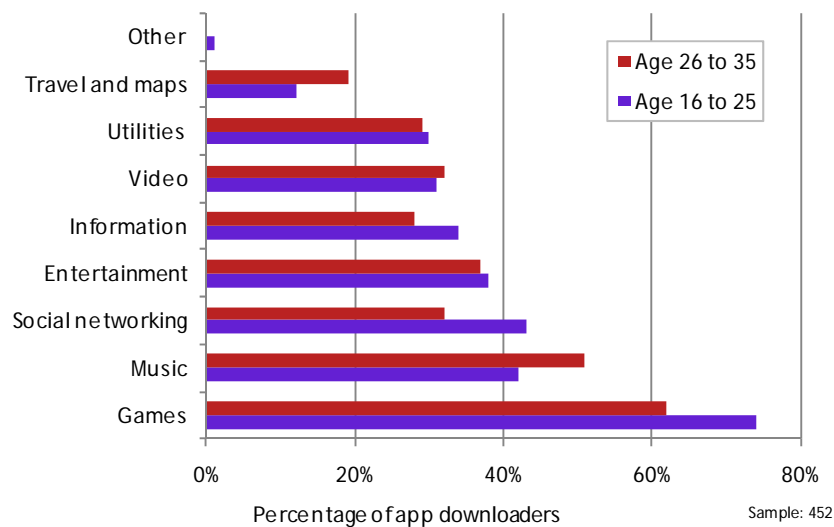


Figure 10. France: Type of app download by age



Just under half of French mobile users download apps to their phone. This is high, considering that the iPhone – which has kick-started awareness of apps – accounts for only 15 percent of this group.

Most of the downloaders say they download up to three apps a month, with the overall average across the respondents being 3.4 per month.

The difference in behaviour between men and women here is striking, with twice as many men as women downloading apps to their device. Also men are more likely to be heavy users 59 percent of male respondents download more than one app a month, compared with 32 percent of women.

There is also a difference between the age groups, with younger people more likely to download apps at all, and slightly more active in how many they download.

There is a strong link between browsing and downloading apps more frequently, with users who do not use their phone to browse the Internet much more likely to download fewer apps, or none at all.

The overall pattern in the type of app downloaded is similar in France to other countries.

Games lead, cited by over 60 percent of downloaders, while music is in second place with just under half of app downloaders.

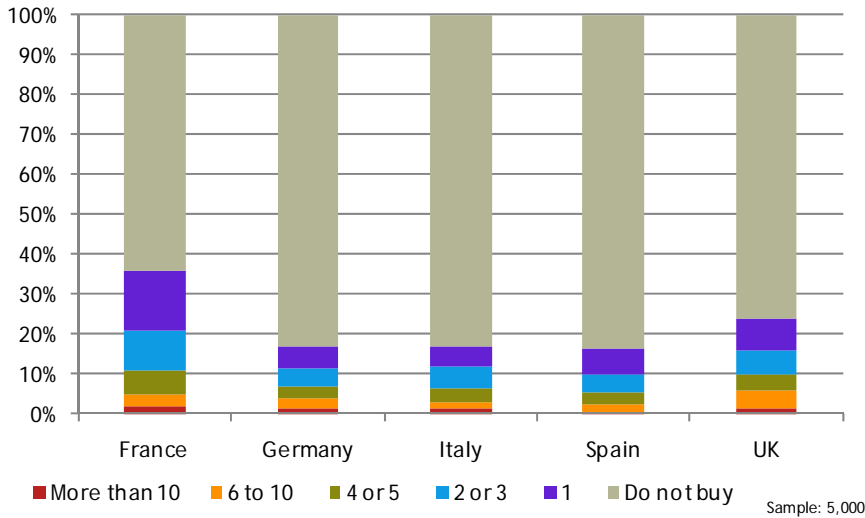
Social networking, entertainment, information, video and utilities are at a similar level (around 30 percent of people who download).

Generally the two age groups in our sample have similar usage patterns, but there is a significant bias towards the younger group in games, social networking and information, while the older group makes more use of the music and travel and maps categories.

Operators will need to be careful. Games are one of the most popular categories on app stores, and they are a strong threat to revenue from games on operator portals.

## Frequency of Purchase and Payment Methods for Mobile Music

Figure 9. Europe: Frequency of mobile music purchase



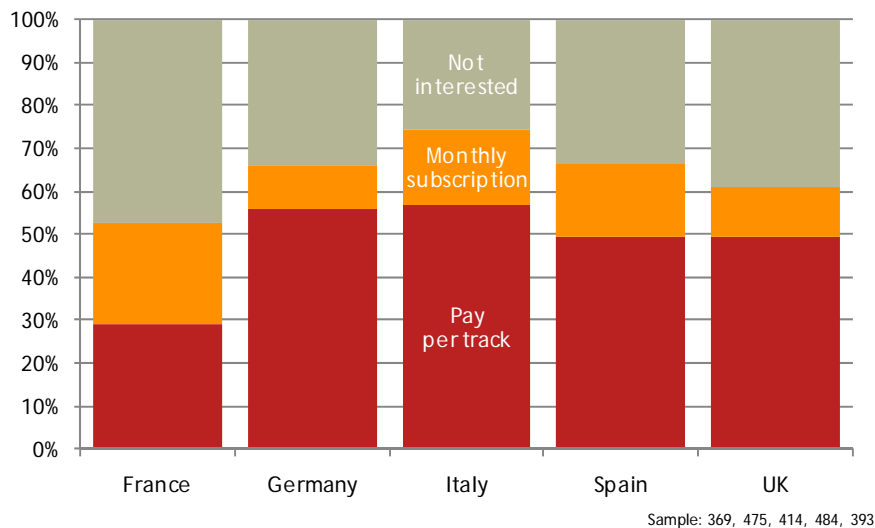
Mobile music is the second most popular of the "traditional" content areas for mobile phones, although the level of interest in downloading paid-for music on a mobile phone is generally quite low.

Germany, Italy and Spain have similar levels of uptake, with 17 percent of users buying mobile music. In the UK (24 percent) and France (36 percent) mobile music is more popular.

Network operators come out as a stronger source for music downloads in France than in other countries, while iTunes is less dominant in France. This would have the effect of broadening the base of people who use music on their mobile phone in France compared with other countries, where people tend to use an iPod (rather than their phone) or an iPhone (which has a relatively small market share) for music.

That said, France also has a higher share of people who only purchase music infrequently.

Figure 10. Europe: Potential music payment method



Looking at the people who do not buy music for their phone today, we see that most of those who would be interested in doing so would prefer to pay on a track-by-track basis.

We also see that an encouragingly large proportion of people who are interested in buying music for their phone (15 percent to 25 percent) say they would be interested in a monthly subscription service, with a higher share in France (45 percent).

iTunes is reported as the most likely source for people who would be interested in buying music across all five countries. Interestingly, Amazon also comes out as a likely source in all countries, even though its presence in mobile today is small.

We also see that a significant proportion of non-buyers say they are not interested in buying music. Although the share looks highly variable across countries, actually it is a consistent 15 percent to 17 percent of the total sample across all countries except Italy, where it is 10 percent.