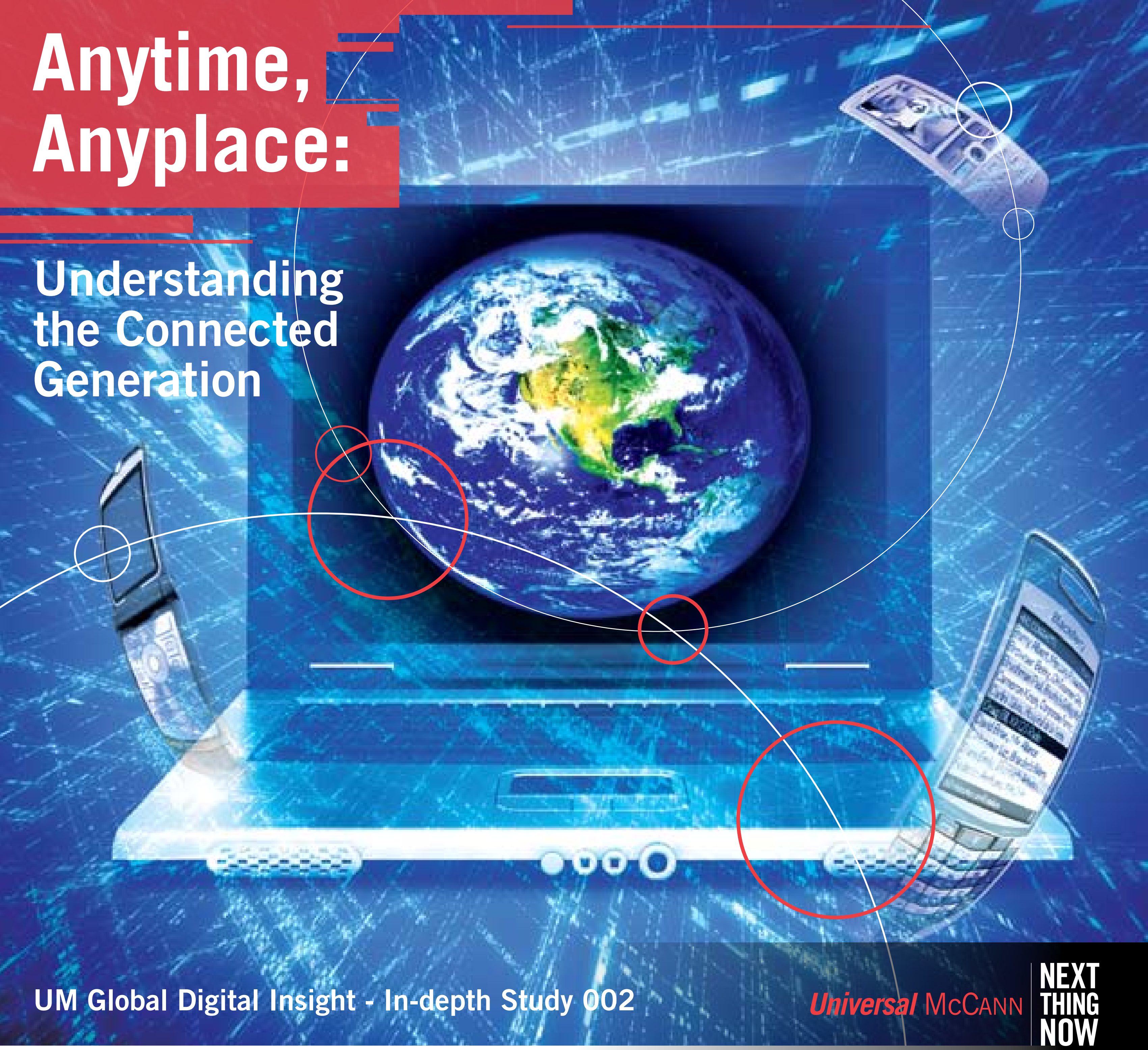
Anytime, Anyplace:

Understanding the Connected Generation



UM Global Digital Insight - In-depth Study 002

Universal McCann

NEXT THING NOW

The rapid rise of portable technology has forever changed the world we live in. The mobile phone is the world's largest Internet, computing and communications platform with 2.3bn users; Laptops have overtaken desktops as the PC of choice; the iPod has sold 100m units and a whole wealth of mobile media technologies such as portable video players are on the cusp of going mass market.

The emergence of these portable platforms has happened in tandem with the massive growth in social media, creating a proliferation of content such as video clips, digital photos, games, podcasts and vodcasts that can be downloaded or transferred to portable devices and consumed in an out-of-home environment.

This growth in portable technology and content has changed the society and culture we live in. It has transformed our lives to become increasingly informal, flexible and transient creating massive dependency on this technology. However portable technology marketing, advertising and content still remain in their infancy, always promising "this year's thing to watch" but never delivering. Investment today is still focused firmly on text-to-win promotions and SMS mobile promotions.

The promise for content owners and marketing communications is huge but how is this going to be delivered? The gulf between industry expectations and what consumers are willing to accept is currently vast.

To answer these questions, Universal McCann implemented the world's largest survey into portable technology and mobile media platforms as part of its ongoing global digital research programme. The survey covered three key strands of portable technology and mobile media; platforms, content and advertising and marketing, investigating usage, growth potential, attitudes and demand.

The research covered 21 markets from five continents and was completed in July 2007, providing a truly unique global perspective.

WELCOME

THE GULF BETWEEN INDUSTRY EXPECTATIONS AND WHAT CONSUMERS ARE WILLING TO ACCEPT IS CURRENTLY VAST.

PORTABLE MEDIA DEVICES

PORTABLE CONTENT

MARKETING COMMUNICATIONS

EXECUTIVE SUMMARY

“What did we learn?”

EXECUTIVE SUMMARY

Access is universal world-wide

- Consumers in the connected world have access to a massive range of portable devices regardless of local market economic, social and cultural conditions.

Audio devices currently dominate

- 41% have an audio player versus 20% who have a player with video capacity.

Mobile phones are evolving from voice to data devices

- The leading markets are driven by messaging and data. In Japan just 24% of mobile usage is phone calls, compared to 65% in the USA.

3G phones are the most in demand portable device worldwide

- 3G is the number one in demand portable technology – 43% want to adopt. This is ahead of all other platforms, including media players, portable gaming and laptops.

There is a huge appetite for content on these devices that is not currently being satisfied.

- Role for marketers to create, sponsor and provide access to content and services.

Portable technology is driving the rise of User-Generated Content (UGC)

- Digital cameras are the most popular portable device after mobiles – 81% of our connected sample have one. Camera phones are nearly as popular, 76% have access.

Music, films and games are the most valued content

- Despite the huge amount being created, UGC is the least popular form of content to consume.
- Professional content producers are not about to be superseded on future media platforms.

Illegal downloads leading the way

- Ripping legal CDs to portable devices is the number one source of content, 38% have done so. This is still ahead of peer-to-peer illegal downloads, which stands at 36%.
- Both exceed paid-for downloads, which is just 16% despite the fact that music is the number one form of portable content that users would pay for.

Branded content is the most popular advertising format

- Branded content is the most popular of all advertising formats with 67% finding this acceptable or valuable.
- Opportunity exists in this future media environment to provide consumers with what they want and drive genuine consumer benefit by creating, sponsoring or providing access to content.

HOW WE DID IT

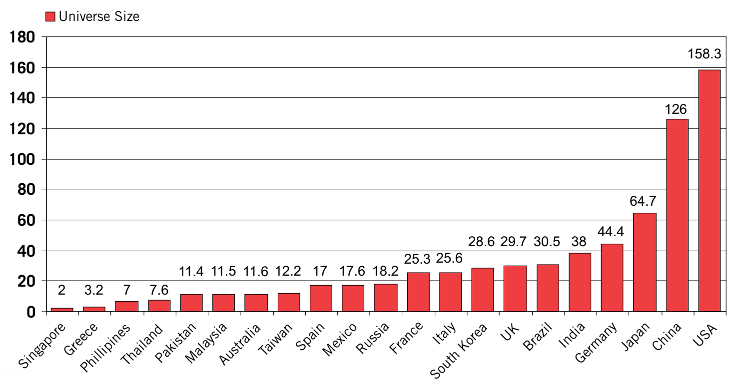
The research was conducted via self completion online surveys by 10,000 16-54 ‘Connected World’ individuals who are Internet connected mobile phone users. Although there are hundreds of millions of mobile users without access to the Internet, it was felt that the dynamic between mobile and online was essential to access the full range of content and understand the relationship between portable technology and the Internet.

Almost 500 people were sampled in each of the following markets: France, Germany, Italy, Spain, UK, Greece, Russia, USA, Mexico, Brazil, India, China, South Korea, Japan, Pakistan, India, Thailand, Malaysia, Singapore, Philippines, Taiwan and Australia.

All the sample groups were nationally representative to the mobile, internet-connected universe (Figure 1). In many of the more emerging markets this defaults to an urban sample.

This selection of countries provided a universe of 690m, 30% of the global mobile universe. The mix of saturated, maturing and emerging markets allowed for in-depth and robust assessment of the current and future global position.

Figure 1: Market universe: 690m



Source: Internet World Stats, TGI Europa, Simmons & Local market surveys

"THE MINIMUM REQUIREMENT TO BE INVOLVED WAS A MOBILE PHONE AND ACCESS TO THE INTERNET."

MARKETS TARGETED IN RESEARCH

PLATFORMS

“What’s in your bag?”

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WHICH PORTABLE PLATFORMS ARE THE MOST POPULAR?

Portable devices have proliferated over the past few years - Figure 2 shows the global average for device penetration amongst our sample of mobile and internet connected individuals. The ranking of devices is particularly relevant as it demonstrates the entry points for content and advertising.

The portable device that leads the way is the digital camera, with 75% currently owning one. This high availability of cameras underlines the extent to which photographs are the first point of content creation bar none.

The other interesting point is the dominance of the MP3 player over the iPod. At a global level this can be attributed to the success of low-cost flash players in the Asian markets. It is also clear how audio-only platforms lead video ones. This is a clear implication on the distribution of portable content.

Laptops are now more likely to be wireless and at 31% are an established platform for out-of-home and significantly lead portable gaming devices.

At 31% 3G compares favourably to many other portable media technologies amongst our mobility audience. Dedicated mobile email devices such as the Blackberry have yet to make an impact with just 6% claiming to use them, showing that they are still firmly business devices.

Unsurprisingly multiple device ownership is the norm (Figure 3). A massive 25% have five or more of these devices in their ownership.

Figure 2: Device ownership global average

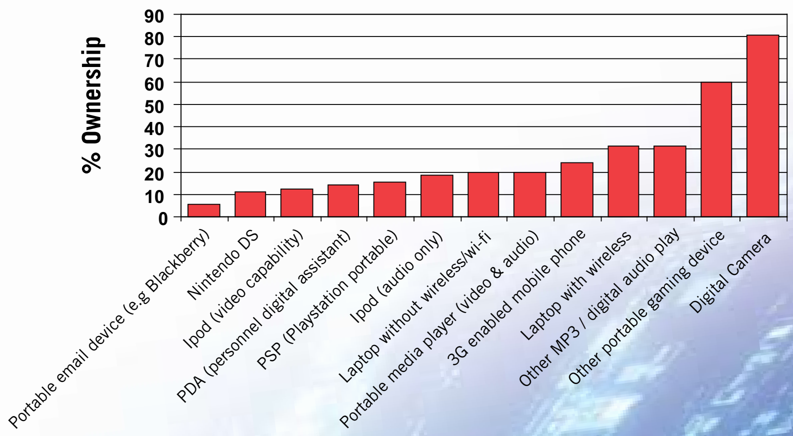
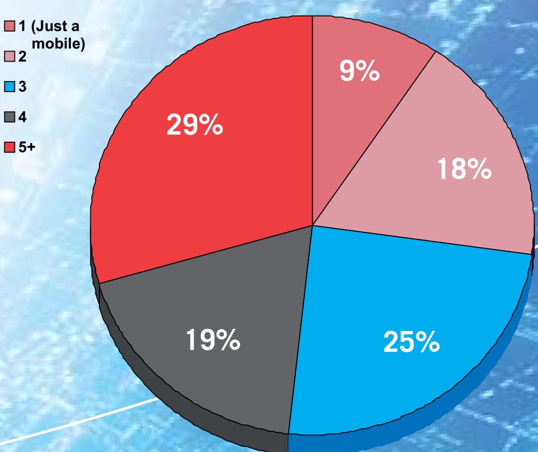


Figure 3: Multiple device ownership global average

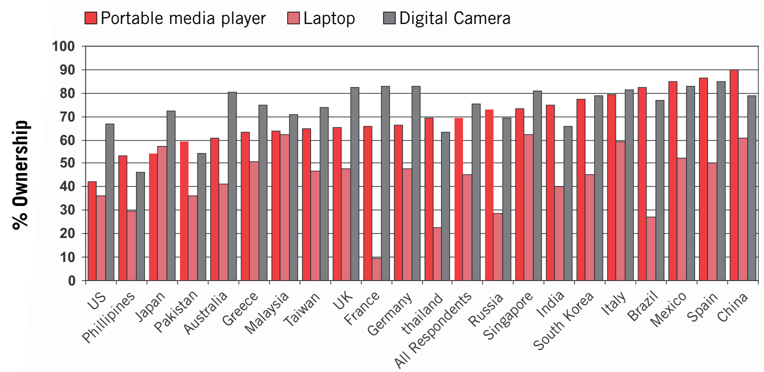


COUNTRIES COMPARED

When looking at adoption by market (Figure 4) the main surprise is the extent of ownership in supposedly 'less developed' markets. This reflects the nature of the connected audience and shows how involved and active this segment of Internet-connected mobile users are, regardless of a low overall penetration within their country. If you are connected you are connected, where ever you are in the world. This underlines the divide that exists in emerging markets between the online and the offline audience.

Looking at specific devices it is clear that the portable media player (music, video and combined players) is the main portable technology platform. The majority of these devices are music only and the high levels of usage in emerging markets can be linked to the popularity of low cost flash based players such as iRiver and Creativelabs. Laptops are the second biggest platform, a real proof of its increasing dominance over desktops in all markets. Portable gaming in many cases is more popular among the connected audience in the emerging markets than the connected audience in supposedly 'developed markets'.

Figure 4: Device penetration by market



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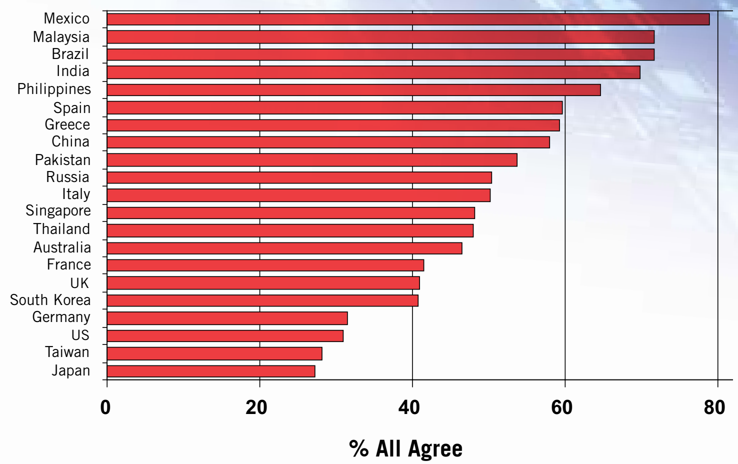
THE IDEA OF CONVERGENCE IN TECHNOLOGY

Convergence in portable technology is a theme that rises again and again. The huge number of consumers with multiple devices (Figure 5) shows that it is something that is yet to catch on. Despite this there is a push to provide us with devices that deliver everything – mobile, gaming, music, video and applications all in one. Apple's launch of the iPhone and the hype that followed epitomises this. Also the growth of mobiles with music facilities as previously demonstrated shows the creep of convergent devices. It is also particularly pertinent considering the large number of portable devices that the mobility audience own.

Figure 5 shows the percentage that agree with the statement "I like the idea of having one portable device to fulfil all my needs" and there is a clear trend. The top markets driving the demand for convergence are the emerging markets. Mexico leads with a massive 79% strongly attracted to the concept of convergent devices. The next seven markets are Malaysia, Brazil, India, and the Philippines. The markets where the convergence is least popular are all affluent. The lowest figure is Japan with 27%, Taiwan with 29% and the US with 31%. Convergence is clearly driven less by aspiration and more by financial necessity. There is no real need for a convergent product in the US, Germany and Japan – multiple dedicated devices is affordable and aspirational.

Figure 5: Percentage Completely Agree with the statement "I like the idea of having one portable device to fulfill all my needs"

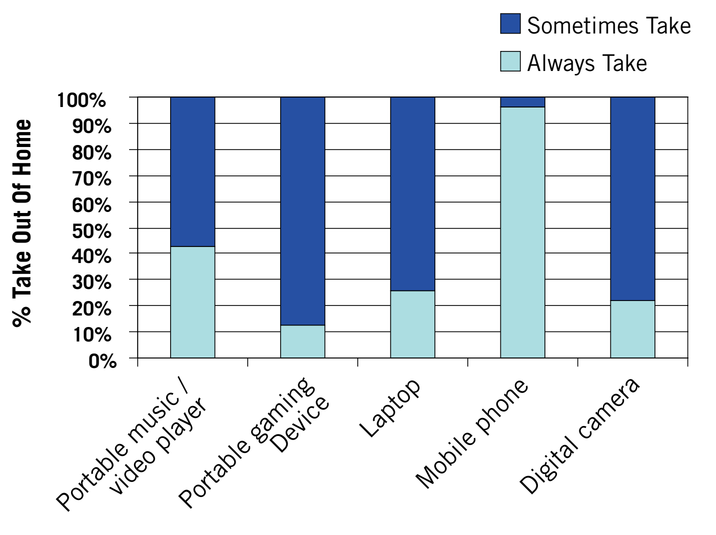


Convergence – "The concept of a technological device delivering more than one application or purpose. For instance a mobile phone may also play music or stream live TV. Devices have become increasingly convergent as technology has miniaturised and competition between devices manufacturers has increased."

BOND WITH PORTABLE TECHNOLOGY

To understand the relationship respondents have with their portable technologies we asked them to declare which ones were always taken out-of-home and which ones were occasionally used. The results (figure 6) are very clear; the mobile phone is the key device and has the strongest relationship with the user. Virtually 100% of our universe take the phone everywhere they go. The next most important technology is the portable music and video player, with more than 40% of owners always taking out-of-home.

Figure 6: Which devices do you take out of home? Global average



THE ROLE OF PORTABLE TECHNOLOGIES

Respondents were asked to state what device they typically used in certain occasions. Figures 7 - 10 show the top usage occasions for portable devices.

Mobile Phones usage is clearly defined by travelling, four of the top six are forms of transport, trains, underground, bus, walking and the top quite surprisingly is in a car. The two out-of-home occasions when mobiles are most used is at work and while shopping. The combination of these needstates shows how crucial the mobile is to our out-of-home lives. It is also interesting that the commonly held stigma that people do not want to use mobile phones on public transport does not apply. These figures reflect the huge growth of data and messaging.

The laptop in contrast, is all about in-home usage. Unsurprisingly it is driven by working and studying but the extent to which users are combining laptop usage with in-home media consumption shows how important it is for online and TV and online and radio. This is confirmation in a global context of the much talked about concept of 'media meshing' i.e consuming more than one media at the same time.

Portable media players and portable gaming share the same needstates – it is all about travel, with a mix of short commuting and long-haul travel. It is also very interesting to see that these two devices have also crossed over with in-home media consumption – again driving the idea of media meshing but in more of an unexpected way. It is clear from all platforms that portable technology also has a key role to play in the home.

Figure 7: Where do you use your mobile phone? Global Average

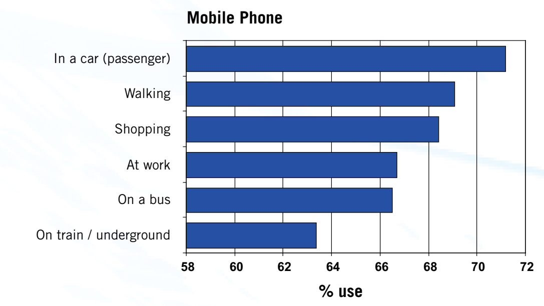


Figure 8: Where do you use your laptop? Global Average

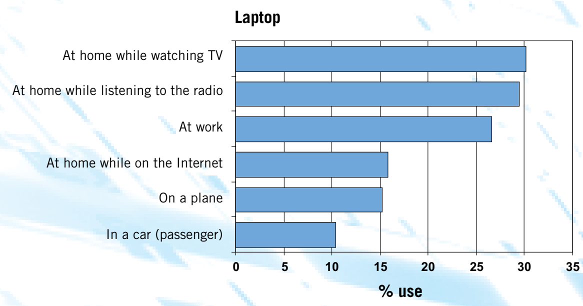


Figure 9: Where do you use your portable media / music player? Global Average

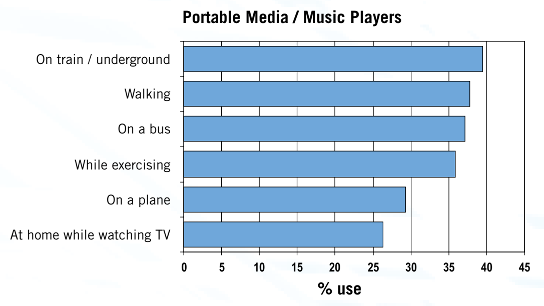
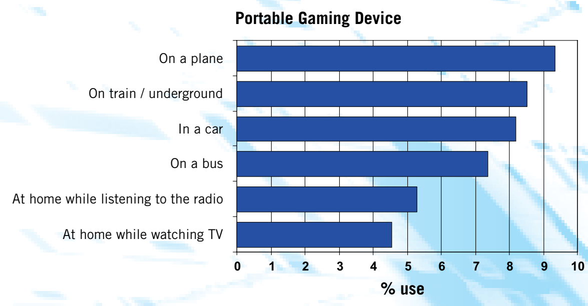


Figure 10: Where do you use your portable gaming device? Global Average

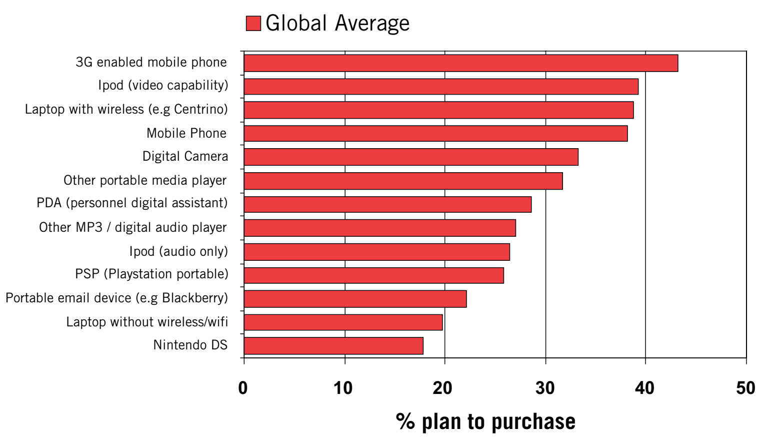


FUTURE GROWTH

Good news for the mobile phone manufacturers and the networks, 43% of the global sample intend to obtain a 3G phone in the future, promising huge potential (Figure 11). This is followed by video iPods; not only good for Apple but an indication that out-of-home video is set to be a major global platform. Wireless laptops come in third, confirming the ever growing demand for portable computing.

The technologies that lag are varying. The Nintendo DS lags its rival Sony PSP, indicating that dedicated gaming devices are not as popular as multiple content devices. Non-wireless laptops follow, confirming the shift in demand to flexible out of home computing. Next come portable email devices which show that consumer demand for dedicated email is still relatively low thanks to its association with business.

Figure 11: Which devices are you interested in purchasing in the future? Global Average



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IMPLICATIONS

The extent of portable device ownership is staggering, both in terms of penetration across markets and the number of devices that users have. There is clearly a massive demand across the connected world for these products and the lifestyle they enable. At present the key platforms for marketers and advertisers are centred around audio, with the mp3 player and the audio only iPod being found everywhere. In theory this should be reflected in the content that is produced today.

The short-term future is multi-media. 3G phones are the number one most in-demand portable product, while the video iPod is number two. Two key platforms for the distribution of video.

It is also clear how important portable technology is becoming a source of User-Generated Content, as well as a media platform. The digital camera is the number one portable technology device in its own right and a key link between the mobile world and social media platforms.

Nonetheless the primary portable will always be the mobile phone. Firstly it is ubiquitous, secondly there is massive demand for 3G guaranteeing its role as future multi-media device and thirdly its carried out-of-home on 100% of occasions. Particularly as they continue to move away from multi-media devices.

MOBILE PHONE USAGE

The mobile phone is the worlds biggest computing and portable media platform. It is forecasted that 3.3bn will be connected by 2011* – growth driven by Asia, Africa and Latin America. The developed markets have reached or are reaching 100% penetration; extraordinary for a relatively young technology.

Figure 12 shows the extent to which users have integrated phones into their lives. On average 41% of our global sample makes more than five calls a day, while 35% send more than five texts a day; a huge volume of communication.

Internet and MMS frequencies are much lower, but not insignificant. 30% use mobile internet more than once a week and 34% send an MMS more than once a week – encouraging opportunities for multimedia content.

There are however big variations by markets, even among the numbers of phone calls and SMS messages sent. Figure 13 shows the share of mobile usage occasions by country. The immediate observation is the overall share of SMS, which has extensively eaten into voice usage, but yet to be impacted by MMS.

The other striking fact is the extent to which Japanese usage is driven by data, with 23% of usage made up by Internet usage – by far the highest in the world. Only three markets have phone calls above 60% of usage occasions: USA, Thailand and Taiwan and this will surely decline over time.

*MIC (Market Intelligence Center)

Figure 12: Frequency of using your phone by method of communication - global average

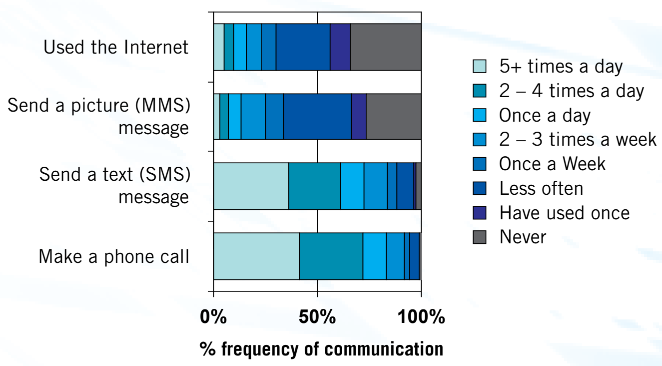
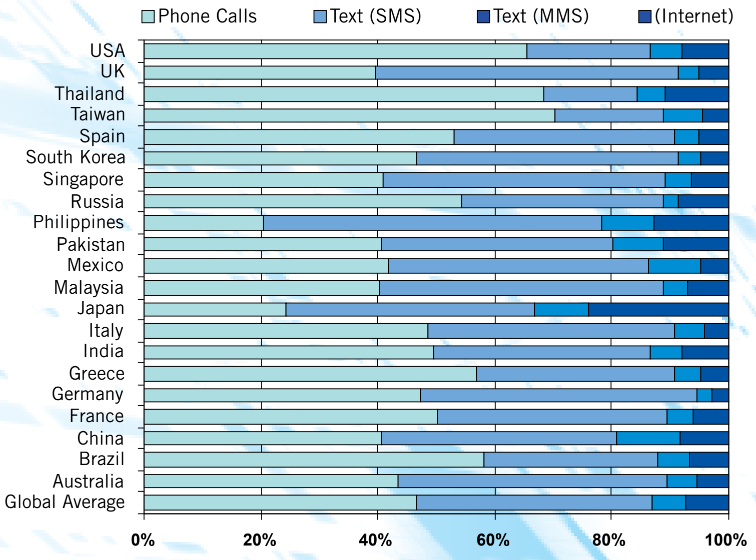


Figure 13: Percentage share of total usage occasions by method of communication - global average



MOBILE PHONE FEATURES

Multi-media handsets are now the norm amongst our connected universe. Figure 14 shows feature penetration across the sample. The enablers of content creation and media are now all mainstream. Colour screens, cameras, web browsing and MMS are all around the 80% penetration mark. However convergence features have had mixed performance. Music players have reached 50% penetration, but more emerging technologies such as Live TV, video calling and payment technologies have yet to make significant penetration, all falling below 20%.

There are however significant differences when you look at the market splits. Figures 15 and 16 show the claimed penetration of camera phones and music players – two key technologies for creating content and enabling media on a mobile device. The markets leading the charge are a mix of developed Asian markets and European; South Korea, Greece, Japan, Singapore and the UK make up the top five.

Only two markets fail to reach the 60% penetration threshold, which is interestingly India and the US - two markets at the opposite ends of the economic development scale.

Comparing this to the penetration of music players, a slightly different picture emerges. There are a larger number of developed mobile markets further down the table. The relatively strong performance of developing markets reflects the financial necessity of convergence – the idea of having separate portable devices is more of a luxury. Not a problem in markets such as Japan, the US and France where dedicated business and multiple handsets are more likely to exist.

Figure 14: Mobile phone feature penetration - global average

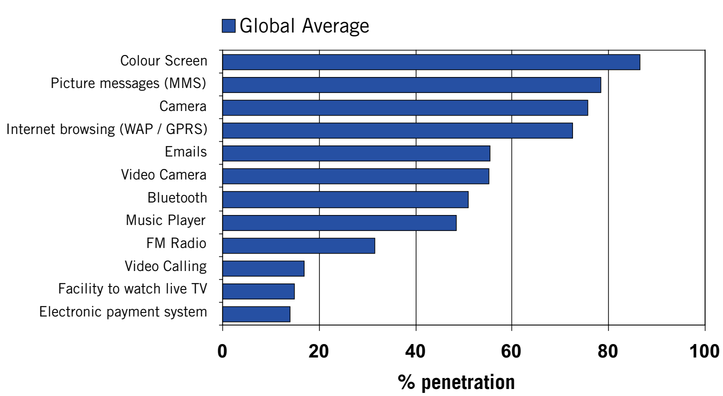


Figure 15: Penetration of cameras on mobile phones

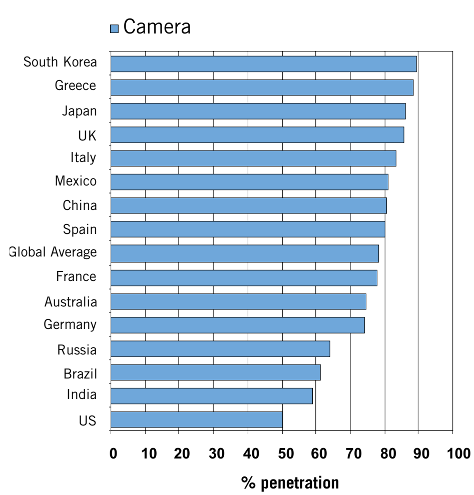
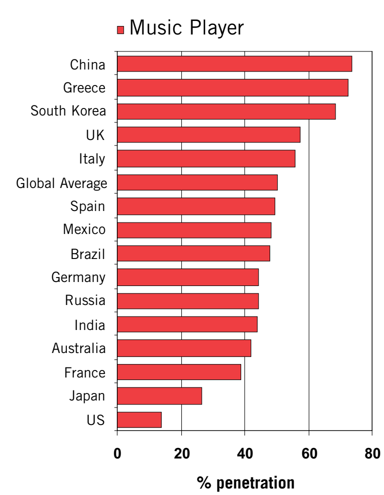


Figure 16: Penetration of music players on mobile phones



NEXT GENERATION MOBILE SERVICES

The real test is not feature penetration but users' willingness to adopt and use such technology. Figure 17 shows that the ubiquitous text message remains the most popular mobile application. However it is closely followed by multimedia content creation and sharing. Taking photos, MMS, taking videos and sending photos are the next four. This level of penetration shows the extent to which the mobile phone has evolved from just being a communications device, while indicating its value in User-Generated Content.

There is also a creep of Internet services; using mobile web portals, mobile search, downloading content and sending emails have gained significant levels of usage. Unsurprisingly some more cutting edge technologies have yet to approach critical mass, with emerging concepts such as Live TV, electronic payment and video calls still niche.

Figure 18 looks at usage in relationship to access and it is clear that the points of access to create content lead active usage. Nearly 100% of those with a camera or video camera have used it. Since these are so easy to use, this is not a surprise. What is a surprise is the extent to which very emerging applications such as electronic payment, video calling and watching Live TV have such high levels of take up. This is very encouraging for mobile operators as they continue to expand their access to new technologies although it is very unlikely that most of these users will go beyond experimentation to become the regular users that operators seek.

However Internet browsing and email lag despite integration on all new user interfaces and heavy promotions from the handset manufacturers and the operators, suggesting more needs to be done to promote these services.

Figure 17: Usage of mobile features (last 6 months) – global average

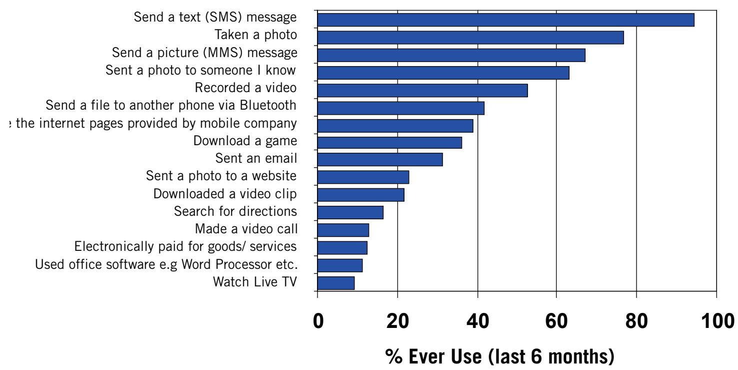
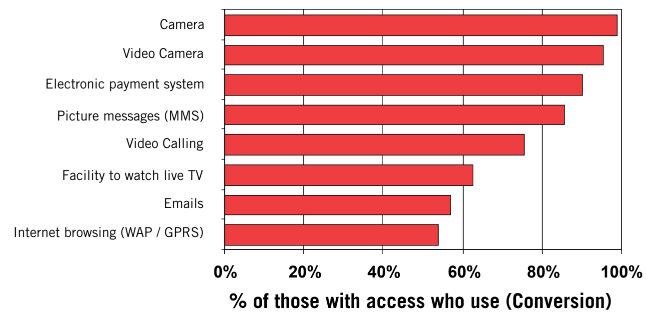


Figure 18: Conversion – the numbers with access who have used – global average



WHICH MARKETS LEAD EMERGING TECHNOLOGIES?

Mobile search

Mobile search has long been touted as the application which will finally drive substantial take up of mobile Internet and also provide the link between online and the real world. However usage is still limited in all markets except Japan (Figure 19), where 49% have used mobile search. Only four other markets fall above the average; Greece, China and the UK.

Electronic payment for goods and services

Electronic payment by mobile could revolutionise commerce. There are a number of ways that electronic payment can be activated by mobile; either wirelessly with a dedicated point of sale device, by text code or over a secure mobile internet portal. But only Japan shows significant adoption, with a stunning 81% claiming to use it. The next market is South Korea with just 19%.

Sending photos to websites

The integration of mobile phones and the Internet promises to unleash the tidal wave of User-Generated Content. The growth of camera and video phones means that there is a constant opportunity for citizen reporters. The increasing usage of mobile phone pictures and videos in TV news reporting is proof of this. However outside of Asia its impact has been limited. Figure 21 shows how dominant the Asian markets are, in particularly Japan, China and South Korea which are all at the forefront of social media usage. European markets, normally at the forefront, lag in this connection of mobile and online.

Figure 19: Ever used mobile search

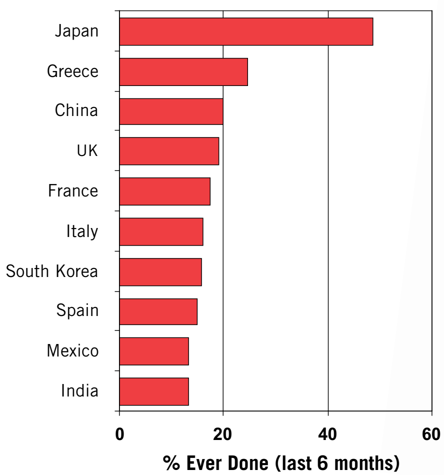


Figure 20: Ever paid using mobile electronic payment systems

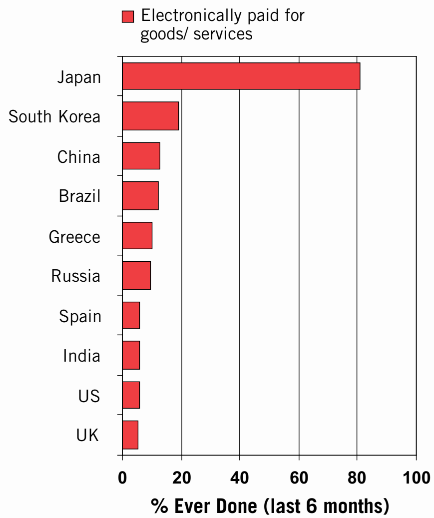
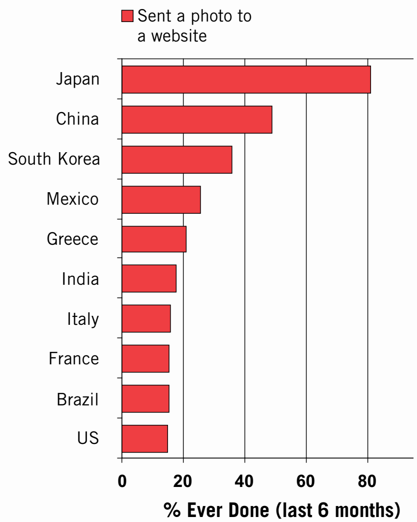


Figure 21: Ever sent a photo to a website



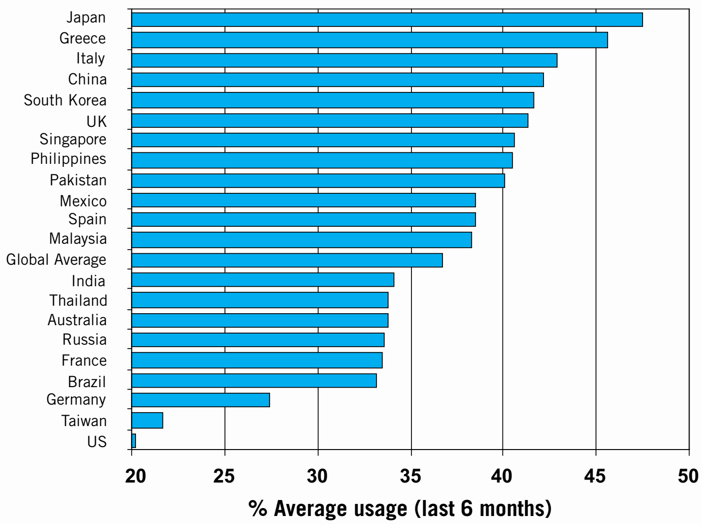
COUNTRIES COMPARED

Figure 22 looks at the average levels of adoption by market for all of these technologies and is very revealing in terms of the extent to which mobile phones have woven themselves into the fabric of that society. The countries that lead are Japan, Greece, Italy, China, South Korea and the UK – markets that have all enthusiastically embraced the phone beyond its capacity to make calls.

The position of Japan at the top of the index confirms all the preconceptions and anecdotal evidence that states Japan's pre-eminence in mobile.

It is interesting that the US ranks last, again substantiating perceptions that the US has been slower than other markets to embrace mobile phones in a sophisticated manner.

Figure 22: Mobile usage index (average usage across all applications and services tested)



IMPLICATIONS

There are clear global patterns in mobile usage and development. The most sophisticated market is clearly Japan. Not only did they top the mobile usage index, they are the largest users of mobile Internet and also emerging technologies such as electronic payments and search. On a broader scale Northern Asia, Mediterranean Europe and the UK are leading consumer adoption of mobile and driving its future, while in contrast France, Germany and in particularly the US lag. These are useful differences for marketers, mobile operators and content providers to prioritise which markets are worth investing in.

From a global perspective the extent to which mobile owners use their mobiles is quite extraordinary and the shift away from voice to messaging and more slowly to mobile internet is clear. The leading mobile markets are the most data and messaging orientated and the others will surely follow. Overall though mobile internet is still the least adopted technology where available. Just 54% of those with access to Internet on their phone have used it and there clearly is still much to do to encourage usage and should be taken into consideration for those developing mobile internet services.

The mobile phone is the most important tool for creating User-Generated Content. There is higher access to camera phones than digital cameras and usage where available is virtually 100%. But the important point is that the mobile is available all of the time. Where the impulsive need to create content via photos or videos is relevant the phone will fill that gap. Mobile pictures, videos and MMS can clearly be worked into all marketing communications where relevant.

The mobile also has a multi-media and divergent future. The real emerging technologies that have low overall reach due to technology constraints such as electronic payment, video calling and Live TV have been adopted with huge enthusiasm by those who can. A very encouraging fact for mobile operators, mobile phone manufacturers and marketers the world over.

CONTENT

“What do you want to do?”

WHERE ARE USERS GETTING CONTENT TODAY?

The journey consumers take to source content for portable devices splits into two; the sourcing of content and the transferring of content. By accessing the absolute number who had done this across various platforms, it allowed us to track demand for paid-for content versus free content while also assessing the possibilities for media owners and advertisers.

As demonstrated in Figure 23 traditional fixed media formats still rule when sourcing content which is great news for the music industry. However while file sharing sites are catching fast, underlining the fact that paid for downloads has some way to go before they dislodge the CD and illegal methods. It also shows that consumers favour flexible non-Digital Rights Media (DRM) media regardless of paying for it or not.

Films however are led by illegal file sharing and then DVDs – this reflects two facts, one that Peer-to-Peer (P-2-P) gives users films when they want them and also the complexities of uploading DVD content versus music. Films are also more popular than TV Shows on P-2-P, because TV Shows in the main do not have the same global appeal and do not have such staggered and controlled distribution.

In the main, paying for digital media is still relatively unpopular – music is most popular, but TV and Films have yet to make an impact. Paying à-la-carte is more sought-after than subscription payment methods.

Transferring of content is very prominent (Figure 24), it shows that there is a large level of interaction between the PC, Internet and portable technology and also that much of what people move to portable devices is user-generated. More than 60% are moving pictures from their digital camera to their PC, but surprisingly mobile phones are closely behind. Transferring videos from the same platforms to a PC is also very popular – facts that underline how important these devices are in the world of UGC. The most popular movement from PC to portable player is music, followed by photos and then video, which considering the complexities, an amazing 36% have done so.

Figure 23: Sources of content for portable devices - global average

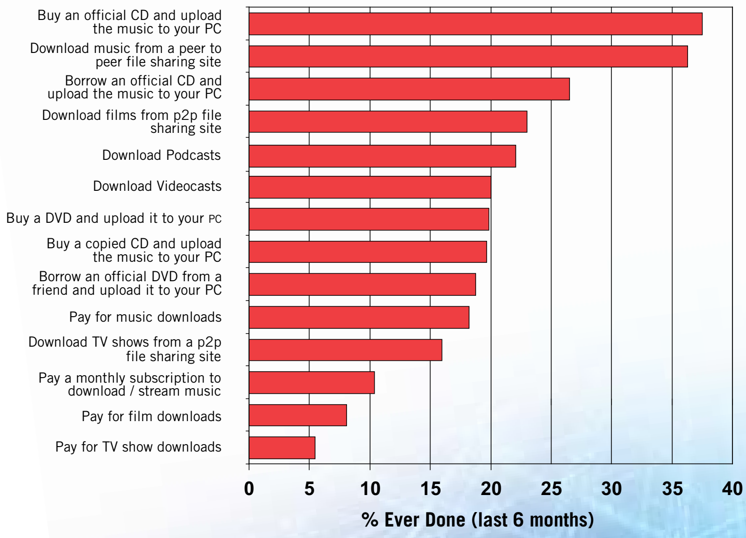
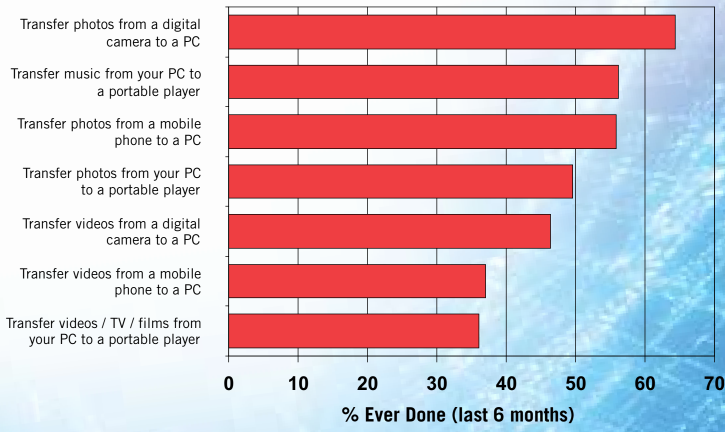


Figure 24: Transferring content to portable devices - global average



LEGAL V ILLEGAL SOURCES

Illegal content is currently satisfying consumers demands, 36% have downloaded music via P2P versus 18% who have paid for digital music. The only markets to buck this trend are the US and South Korea, where the use of P2P sites to obtain music is lower than the percentage who had paid for music downloads – a point that demonstrates the global nature of content piracy.

Figure 25: Purchased digital music online

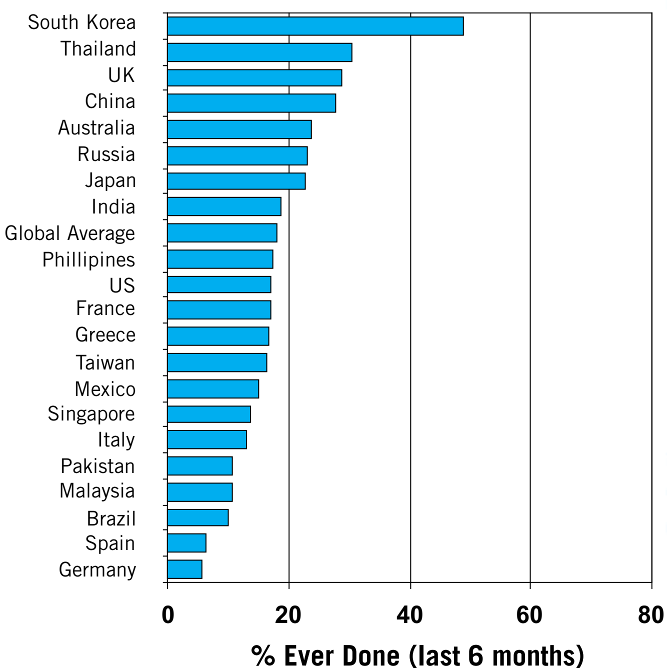
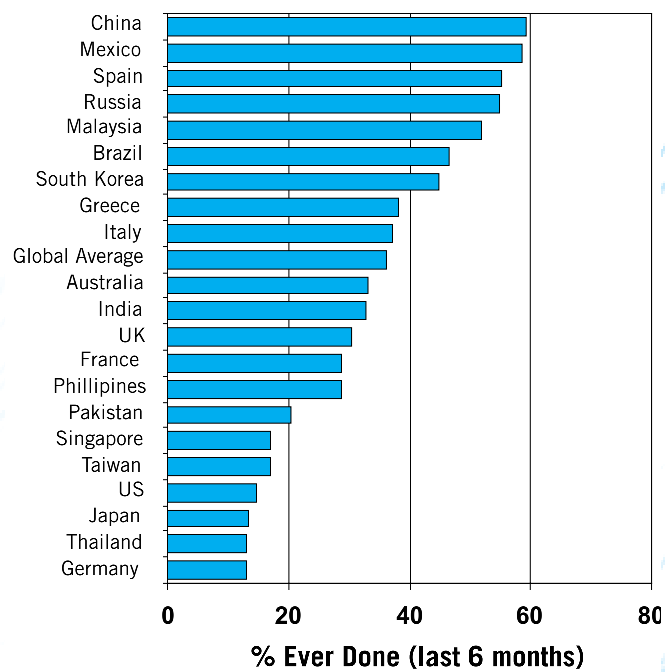


Figure 26: Used a Peer-to-Peer service to download music

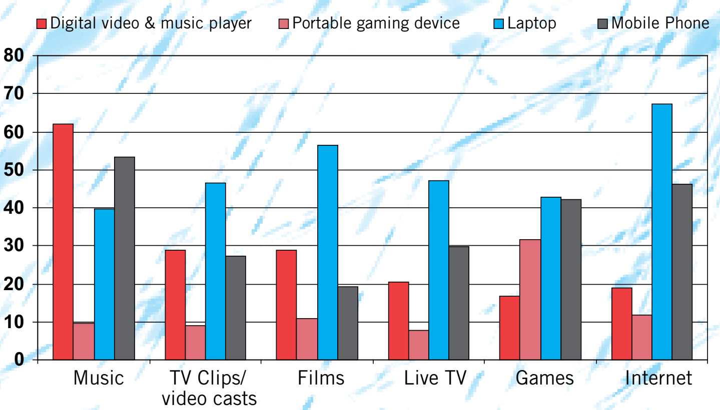


WHAT CONTENT DO USERS WANT ON THEIR DEVICES?

To understand what types of content platforms fit with portable devices (Figure 27) we asked respondents to state which types of entertainment or information would interest them on what platform. There is a clear pattern by type of content. Music holds most interest on video and music players, with the mobile phone very close behind. This is a visual demonstration of the mobile phone companies success at driving convergence through music. Laptops also figure highly thanks to people streaming or playing music files while they work or surf the Internet.

The most popular platform for TV clips and films is the laptop suggesting that most video content is not shifted between PC and portable player. What is interesting again is that mobile is up there with the portable media player. Also interesting are the similarities between TV Clips, Films and Live TV in terms of interest regardless of platform. The concept of Live TV over PC or phone seems to have resonated with consumers the world over.

Figure 27: Content platform demands by device



The surprise with gaming is that portable gaming machines were not the main platform for gaming, with laptops and mobiles leading the way. This is indicative of most people's casual demands for gaming – which the mobile and the laptop via the Internet do so well.

The Internet is unsurprisingly most popular on a laptop, but the mobile phone is also key and holds interest for 46% of our global respondents. This backs up early figures on mobile Internet which shows that the consumer demand is there.

CONTENT BY USAGE OCCASION

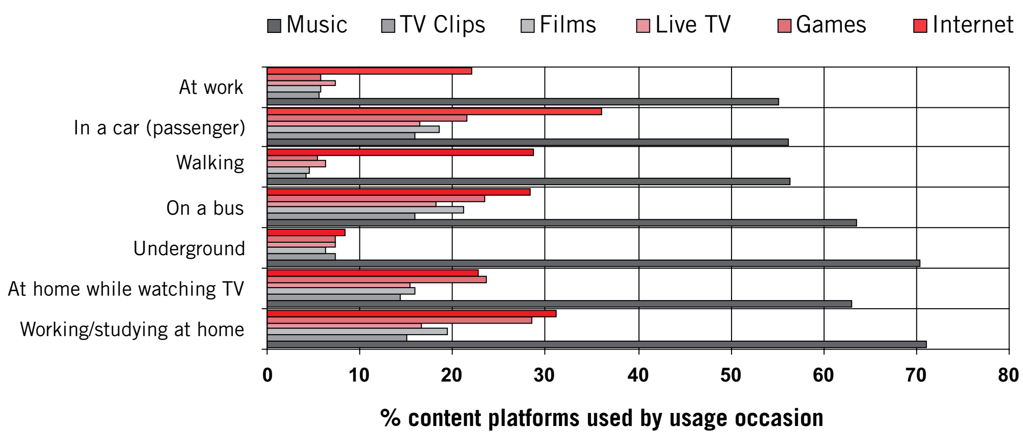
It is clear that music dominates all usage occasions and is consumed everywhere on a portable device, from travel, to work and even shopping.

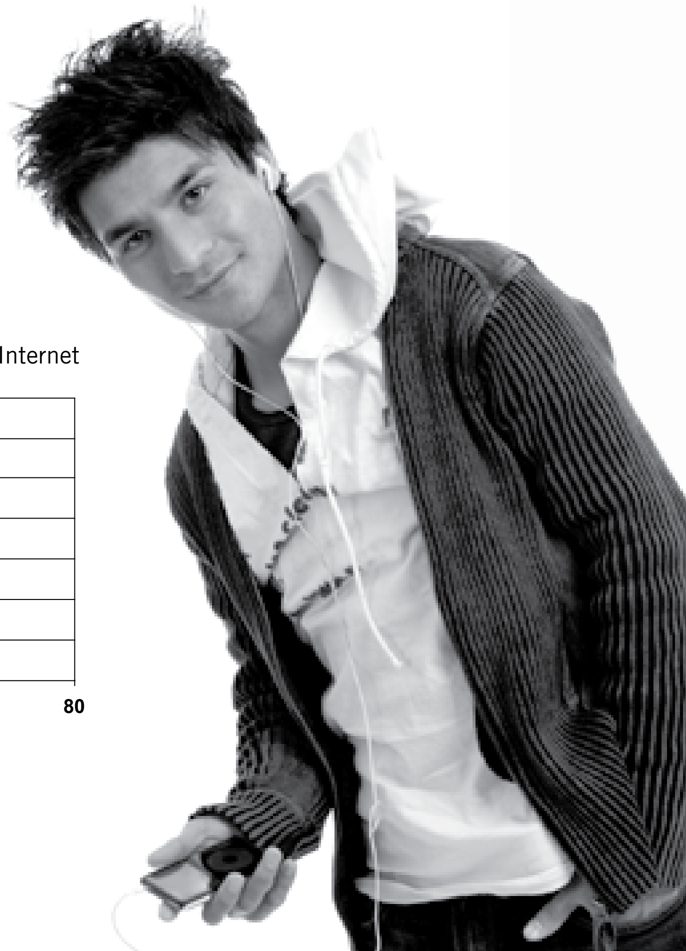
The next most popular type of content is the Internet and there is demand across the board in-home, out-of-home and at work.

Looking at richer more involved forms of media, such as video, films, Live TV and gaming the demand is lower, but still significant in terms of usage.

Another interesting point on gaming – is that there is consumer demand to have it at home while working / studying but not in the office. The relative scores for consuming portable content while at home watching TV demonstrates that portable media is not just for out-of-home. Also it underlines how important duel media consumption and media meshing is. The relationship between traditional media consumption and portable content is an important dynamic.

Figure 28: Content platform used by usage occasion - global average

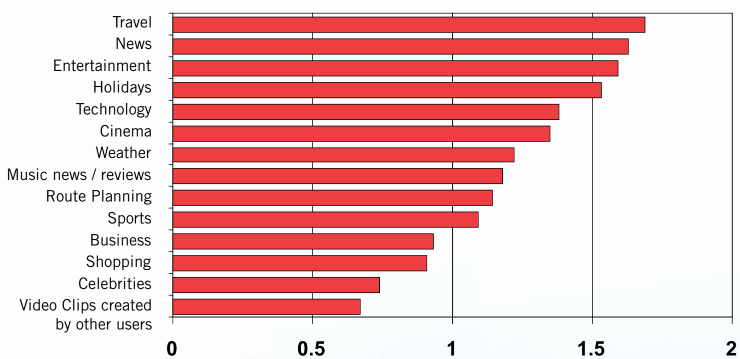




TOPICS OF CONTENT

The topics of content that our sample demand are driven by informational and news needs (Figure 29). Travel, general news and entertainment lead the way. Services such as cinema listings, weather, route planning and shopping have lower levels of demand. Somewhat surprisingly user-generated clips fall bottom, which seems to fit contrary to most mobile operators' attempts to drive mobile portal usage through UGC mechanics such as Orange Mobile "Hot or not" and the popularity of UGC podcasts on services such as iTunes.

Figure 29: Topics of content interested in – global average



Scale of 1 to 5 where 5 equals very interested and 1 equals not at all interested

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TOPICS OF CONTENT BY SEGMENT

Figures 30 to 33 show the top five types of content that are of most interest by key demographic segments. The major consistencies are that the content remains informational and largely functional regardless of segment with news, travel and entertainment information figuring highly. There is no place for celebrities, route planning or User-Generated Content in any of the segments.

There are also some subtle differences that pull the segments apart – albeit along fairly stereotypical lines. Men are interested in technology and sports, while women have ranked entertainment top. The differences by age groups are less pronounced although the younger segments are more entertainment-orientated. Older segments are more tasked based with weather and holiday information figuring in the top five, while news is number one.

Figure 30: Content very interested in – male sample

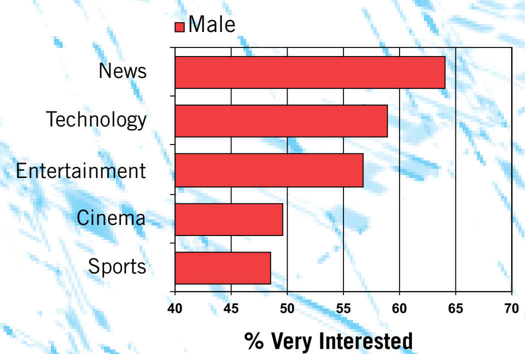


Figure 31: Content very interested in – female sample

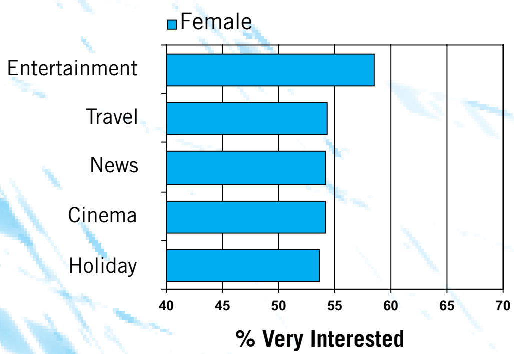


Figure 32: Content very interested in – under 34s

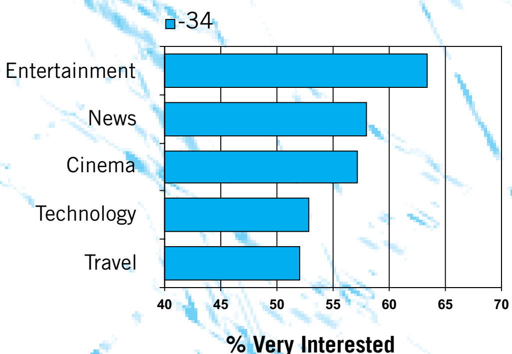
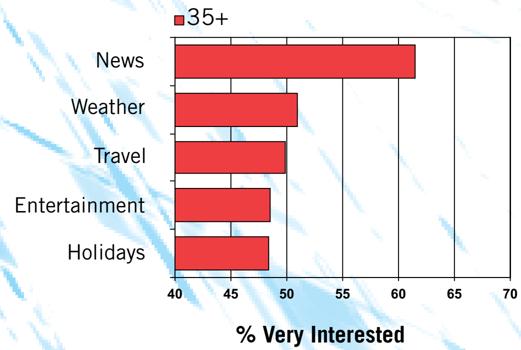


Figure 33: Content very interested in – over 34s



WHAT WOULD USERS PAY FOR?

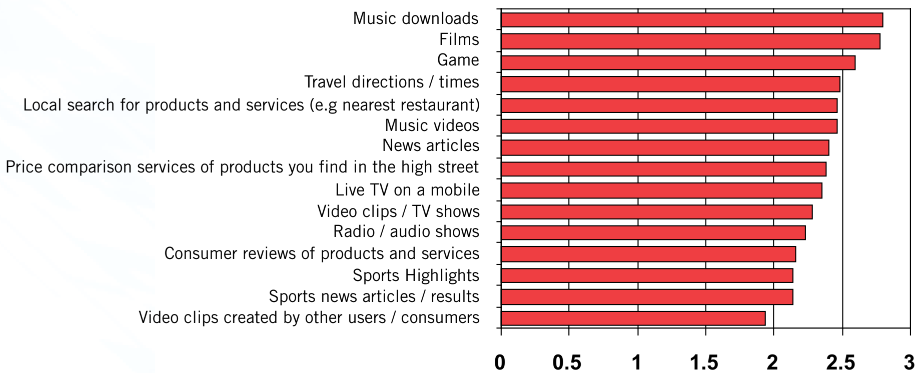
Monetising portable content is obviously the ultimate goal for mobile networks, the portable platform content providers and media owners. The size of the user base and massive demands for content suggests that there is much revenue to make, however it is clear that overall demand is still on the low side. The research asked users to score from 1 – 5 how willing they are to pay for content and just three category types passed the average (Figure 34). All three were rich and permanent (i.e. not intended for single use) types of media; Music, Films and Games.

The next two categories that people would be likely to pay for are location services and directions, a surprisingly high ranking for one off service, but one that demonstrates there is value in mobile services. Live TV, Radio and video clips all fall in the lower half, a long way behind their rich media counterparts of music and film. This suggests their association with free to access traditional media harms their ability to drive paid-for revenue on mobile platforms.
A big surprise is the very low ranking of sports highlights and news and results considering that sports is something that has traditionally driven media revenues on most platforms.

It has also been the focus for mobile companies within their portals. This suggests that if untargeted it may not be the best content to monetise.

As with interest in types of content – user-generated video comes at the bottom of the list. This clearly indicates that quality and professionalism of production is one of the main drivers to monetisation. A reassuring fact for professional media everywhere.

Figure 34: Content willing to pay for – global average



Scale of 1 to 5 where 5 equals very interested and 1 equals not at all interested

IMPLICATIONS

These results underline the fact that demand for content is massive, but what is being provided legally is not fulfilling demand. The number one source of content is still to rip a CD followed up peer to peer sources. This shows that consumers do not want tightly controlled DRM heavy digital media. They want to be able to use it as they want regardless of paying for it, both a challenge for rights owners to open up their content on digital platforms and also an opportunity for advertisers to provide free top use content to consumers. There is a challenge in wider multi-media monetisation. The topics content that most users want on a regular basis are largely functional and informational, but the content they are willing to pay for is rich entertainment. These results also show important the mobile phone is as a cross media platform, being more popular for gaming than games machines and the second most popular for Internet, music and TV and video formats. It may become the device in emerging markets where finances demand one, however low demand for convergence in developed markets, mean it will always be a supplementary device, be it one that is always present.

MARKETING COMMUNICATIONS

“What do you like?”

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MARKETING COMMUNICATIONS

Expectations in the industry are huge and it has been hyped as the next big thing. Every year is touted as the year it will happen. But marketing on these devices remains limited as consumer demand is so far removed from industry hype. Mobile phones are dominated by SMS promotions, while display, location based, bluetooth and rich media advertising still remains very much in the nascent stage. Frequently held back by technology issues, lack of advertiser interest and concerns over consumer receptiveness. Other platforms such as video players and portable gaming machines have opened up new possibilities for new kinds advertising, sponsorship and branded content in a plethora of new media formats such as podcasts, videocasts, video clips, web services and gaming. However, as with mobile, it is still much at the experimental stage.

Figure 35, which looks at mobile phone formats confirms what many have thought. The highest levels of value and acceptability were for the formats that create clear consumer benefit and ones that are based on "opt in" for example outdoor bluetooth formats both on transport and outdoor adverts.

Figure 36, which looks at portable media player formats, demonstrates that the rules of advertising on traditional media still apply. The most interruptive and invasive formats that appear in the middle of clips or come in the form of paid for recommendations are the least acceptable to consumers. As the format becomes less interruptive for example sponsorship and branded content the more acceptable it is.

This distinction from consumers highlights the opportunity for advertisers and marketers in this space. There is far more flexibility and opportunity than found in traditional media, so the opportunity to leverage paid for communications in formats that create consumer benefit and drive engagement, should be embraced.

Figure 35: Opinion on mobile phone advertising formats

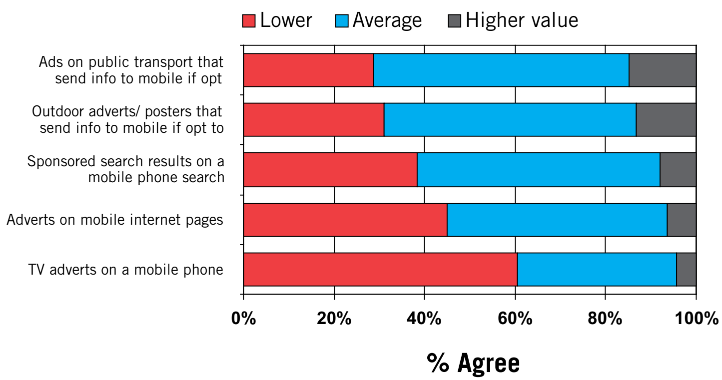
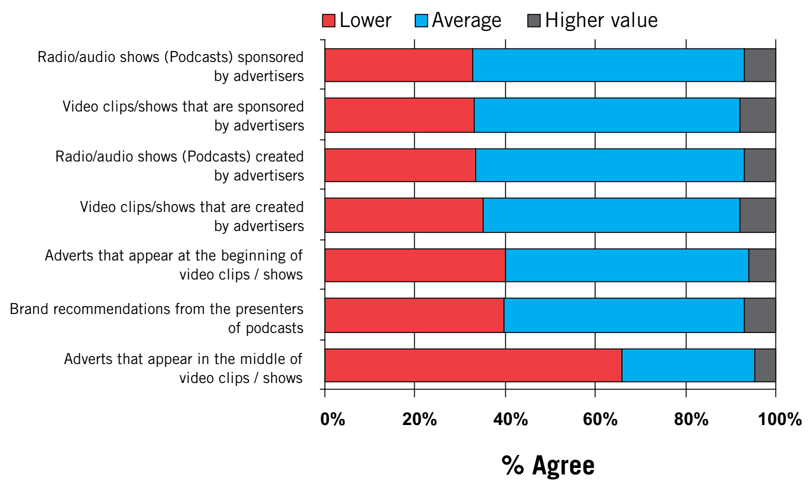


Figure 36: Opinion on portable device advertising formats



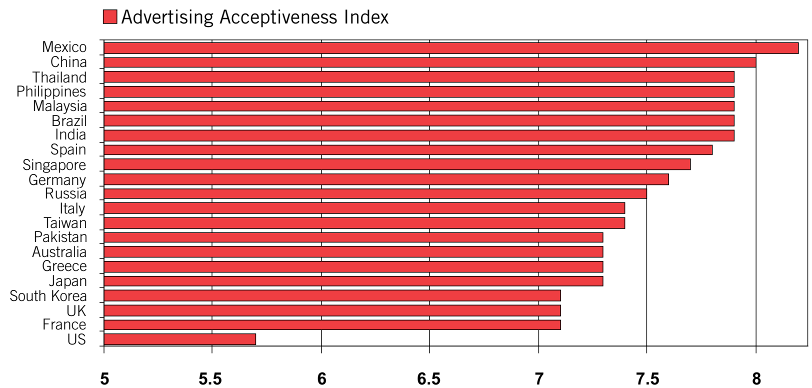
RECEPTIVENESS OF DIFFERENT MARKETS

Although opinions between different formats were very uniform between markets, there are significant differences between the overall levels of receptivity. Figure 37 represents an index based on the average level of value across all formats, both mobile and wider portable technology platforms that allow you to compare markets and see where the real opportunities and challenges are.

The clearest observation is the significantly lower levels of acceptability in developed markets. This is particularly the case in the US, where clearly a legacy of heavy weight advertising and marketing has had an impact. The next set of countries are also developed, but with significantly higher levels of acceptability than the US.

The top seven countries are all emerging markets including Mexico, China, Thailand, Philippines, Malaysia, Brazil and India, demonstrating less cynicism towards paid for communications, but something that will surely emerge as advertising on digital platforms and the commercial application of them becomes more prevalent.

Figure 37: Advertising Acceptiveness Index – scores by market



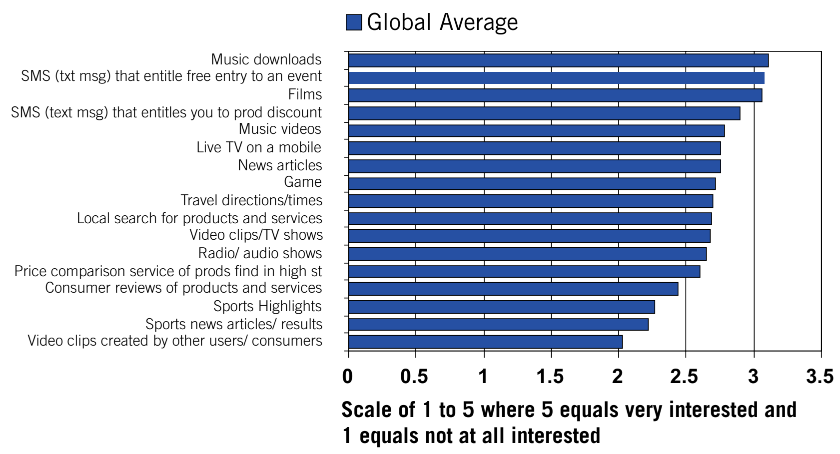
Average value score by market across all mobile phone and portable technology advertising formats

ADVERTISER FUNDED CONTENT

Portable technologies and mobile open up a huge range of possibilities for advertisers and marketers to produce and distribute content. Recent examples have included Coca-Cola with iTunes and BMW with videocasts, this in the past has been complicated and expensive due to the tightly controlled distribution channels of broadcast radio and TV and the difficulties of operating in multiple markets. Ad funded content also clearly offers away to offer consumers real benefits, moving away from the interruptive model of advertising and drive engagement.

Figure 38 looks at which forms of content most appeal when offered by advertisers for free and the results almost mirror the content that users are willing to pay for – clearly people want to receive the content they attach most value too (as shown previously in Figure 34). These are music, films, live TV and access to events. Again UGC video clips hold no appeal and surprisingly nor do sports.

Figure 38: Content that consumers would most like to receive free of charge from advertisers



IMPLICATIONS

Consumer receptivity to advertising and marketing activity is extremely clear; the most invasive formats such as advertising in the middle of podcasts, pre-roll advertisements and TV ads on mobile phones are the least liked and significantly less acceptable than more progressive formats such as branded content and sponsorship.

The emergence of portable technology and their use as a media platform is a massive opportunity for advertisers to create a more positive relationship with consumers by giving them what they want.

Portable platforms are open access, cheap to distribute across, global in nature and consumed on users terms. Traditional media, with its high entry costs, limited geographic reach and strict regulations, has never provided advertisers and brands opportunity before. Brands should be creating appropriate branded content, providing access to rich media content such as music, film and TV shows or even creating mobile services, reaching consumers on their terms in a way that's more engaging than traditional interruptive formats.

It is also clear that certain markets are more receptive than others, with the developed markets that have a legacy of heavier advertising being least receptive. The emerging markets are currently open to newer formats but this may change as users become exposed.

“How do we deliver the potential?”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MAKING IT WORK

"There is a massive gulf between content owners, advertisers and marketers and what consumers are willing to accept and what they really want to adopt. However demand is emerging fast and there are clear rules to succeed."

Think content not just advertising

- There is huge demand for content while advertising in its traditional format, will not succeed on these platforms

Define a more positive relationship with consumers

- Portable technology allows brands to create and distribute or provide access to content, applications and services that offer true benefits
- There is too much choice to maintain interruptive formats to exist on portable technology media, consumers will go elsewhere

Leverage the network

- Portable platforms like social media have created new avenues to distribute content on a global scale without the high entry costs of global
- A global brand and communications positioning must be maintained, content is accessed along language lines not market lines

Integrate with social media

- Increasingly the connected people are sourcing content from social media platforms
- Portable devices should be part of any social media strategy and users should be encouraged to move that content from desktop to devices
- This means living by the rules of social media – creativity, participations and interaction

Asia and Europe offer most commercial potential

- Largest demand for content, services and future devices and most receptive to marketing communications

Integrate mobile into the mix properly

- The mobile is the world's number one technology platform and should be core in all future communications, this can be as simple as providing SMS shortcodes on adverts
- Avoid interruptive formats and always have "opt-in"

Encourage creation of content

- A surprising amount of portable media consumption happens at home while watching TV, listening to the radio or even while using the Internet
- It is important to link portable content and services to traditional media content

Drive User-Generated Content

- Portable technologies are driving User-Generated Content on social media platforms. This is both due to low-cost digital cameras and the rise of camera phones
- Increasingly consumers are uploading this content to social media platforms creating an opportunity for brands to either develop applications that leverage this or place User-Generated Content as a mechanic in campaigns

Champion simplicity

- A very key point in portable technology and mobile. If it is simple and the technology works without much effort then it will be adopted
- Simplicity is the reason podcasts took off once they were integrated into the iTunes store, it became a one click process

PORTABLE TECHNOLOGY ALLOWS ADVERTISERS TO CREATE A MORE POSITIVE RELATIONSHIP WITH CONSUMERS.

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Global Research - 21 Markets, 10,000 consumers

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