

Mobile Web Watch 2012

Mobile Internet—
spawning new growth
opportunities in the
convergence era

High performance. Delivered.

Internet through mobile devices poised to outpace access from stationary devices?

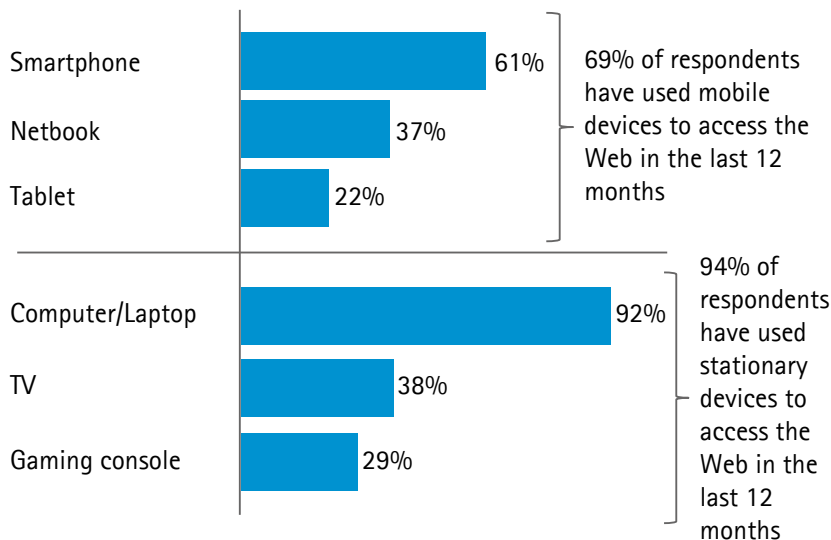
The mobile Internet, the popularity of which is evident in the buzz generated around every new mobile phone or tablet, is close to being a mass market. An average of 69 percent of Internet users connected to the Web with a mobile device in the past 12 months. Of these, 61 percent used smartphones for accessing the Internet. Among non mobile Internet users, 46 percent expressed interested in buying a Web-enabled mobile device in the future. This as an increasing number of innovative touchscreen models with great image resolution, faster Internet access and attractive built-in social media and mobile payment apps are hitting the market every day.

The increasing use of mobile Internet is relevant across all age groups. Of the 61 percent of respondents who used smartphones for accessing the Internet, more than 70 percent were in the younger age group (between 14 and 39 years). Interestingly, approximately 45 percent of those above

the age of 50 used their smartphones for Internet-related activities.. While the overall upward trend is evident across all the countries that were surveyed, the emerging markets of Brazil, South Africa and Russia showed the highest adoption of smartphones (above 70 percent on average) for Internet use. The rising popularity of smartphones in Brazil, South Africa and Russia for Internet use is in line with developments in other emerging markets such as India. These countries, with a dearth of fixed lines, have been witnessing a mobile phone revolution of hyper growth for some years now, fuelled in part, by declining costs—both of devices and subscription rates—and a growing wealthy middle class. The widespread lack of personal computers, relatively more expensive than mobile phones, meant that for many people, the mobile phone would be the first entry into the Internet world.

Mobile devices used in the past 12 months to access the Internet

Multiselect



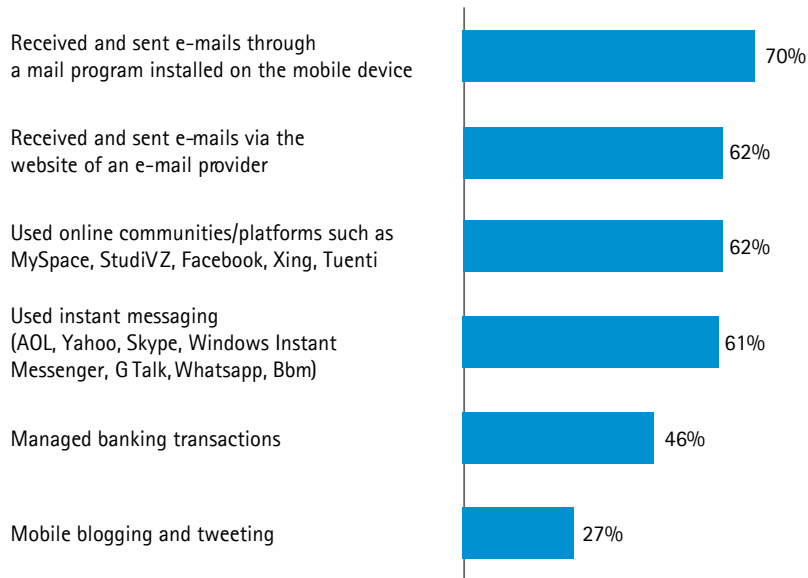
- Mobile Internet usage is now a mass market with 69% of users having got connected to the Internet through a mobile device in the past 12 months
- Smartphones are the most popular mobile access method to the Internet with 61% of respondents using smartphones versus 37% for netbooks and 22% for tablets
- Age is a differentiating factor with 82% of those aged 14-29 accessing the Internet on a mobile device versus only 45% for people above 50

Source: Mobile Web Watch Survey, 2012
 Base: All respondents
 (n=17,225; Excluded Don't know answer)

Figure 1a. Internet users connecting to the Web through mobile devices.
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Sending or receiving e-mails is still the most popular activity but others, such as online communities, blogging and banking, are catching up quickly

Activities carried out on mobile Internet devices



- Sending or receiving e-mail is the most popular activity among mobile Internet users with 70% using their mobile device to receive and send e-mail
- 62% used their mobile device to access online communities such as Facebook, 61% for instant messaging, while 27% used it for tweeting and blogging. Mobile banking growth is also evident with 46% using a mobile device to conduct a banking transaction.

Source: Mobile Web Watch Survey, 2012

Base: All respondents using a mobile device to access the Internet (n=11,884; both personal or work related)

Figure 1c: Online communities, blogging and mobile payments on the rise
n=11884; both personal or work-related
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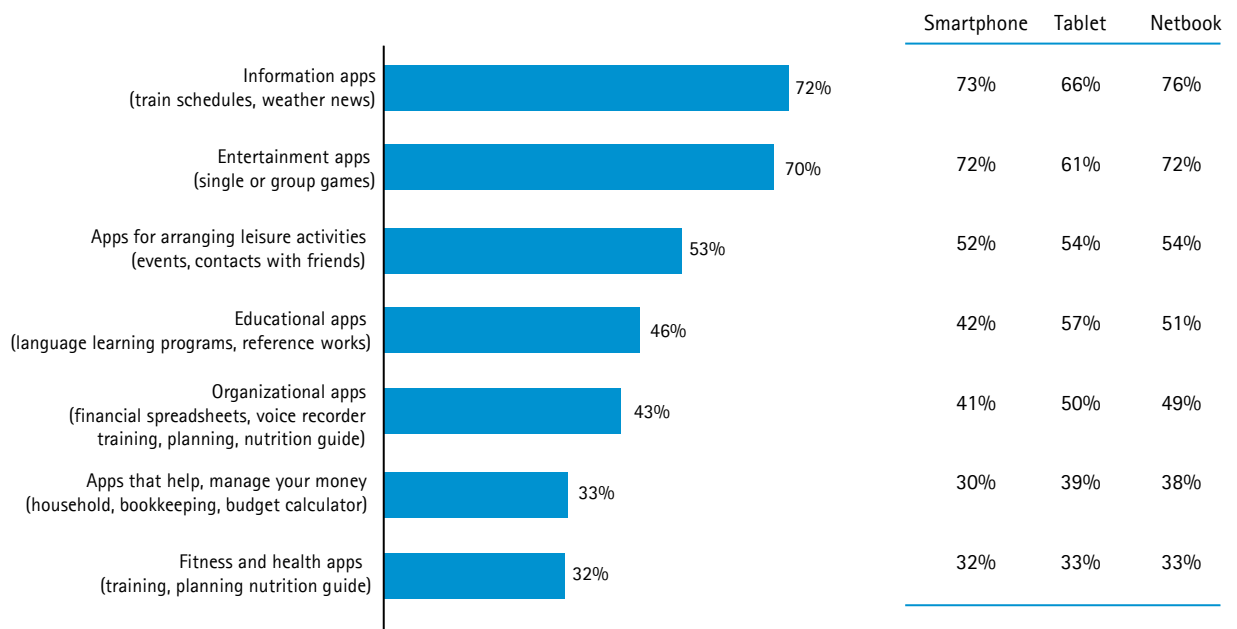
Mobile apps accelerating mobile Internet use

The survey identifies mobile apps as one of the primary drivers of mobile Internet use. As a gateway to the Internet, mobile apps are extremely convenient. Not surprisingly, the survey confirms that a higher proportion of those aged 14-29 years downloaded apps (76 percent in the 15-19 age group and 80 percent in the 20-29 age bracket) and music (71 percent in the 15-19 age group and 61 percent in the 20-29 age bracket). A higher share of men download programs or apps (74 percent) as compared to women (68 percent). Mexico and South Africa again lead the pack with the most number of respondents downloading apps and music. A majority of the survey participants in Russia (66 percent) download ringtones.

Information apps are the most popular app download in Austria, Germany, Switzerland, the United Kingdom (UK), France, Italy, Ireland, South Africa and Russia. Entertainment apps are the most popular in Brazil, Mexico, Spain and Finland. More than half the mobile Internet users surveyed have downloaded or viewed short videos (of less than 5-minute duration), checked weather information, retrieved travel information or read the news on their mobiles.

The survey's findings, highlighting the explosive growth in consumer demand for communications, entertainment, commercial and social networking activities over the Internet will require significant and continued investment in infrastructure upgrades by communications service providers. Planning for this in a systematic way is critical to ensure adequate finance is available and needs to be done as part of an overall strategy which seeks to capitalize on the potential revenue opportunities available to providers through offering new and additional services through this medium.

Which of the following types of programs or apps have you downloaded from the Internet on your smartphone/tablet/netbook?



Source: Mobile Web Watch Survey, 2012

Base: All respondents who download apps for any use (n=8,487, both personal)

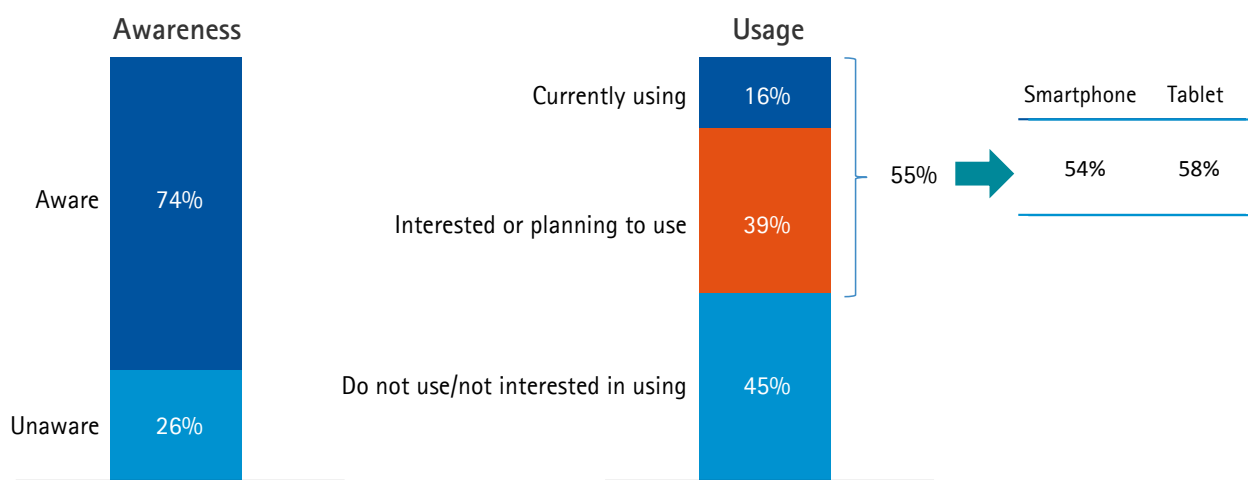
Figure 2a. Mobile apps fuelling Internet use through mobile devices.
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Mobile payments—a growth engine

Telecom players, payment gateway companies and enterprises need to note the growth potential in mobile payments. While only 16 percent of smartphone and tablet users are currently using mobile payment services, 74 percent are aware of such services and an additional 39 percent indicated they would be interested or plan to use mobile payment apps. Indeed, mobile banking (m-banking) features quite high among the more favored mobile Internet activities. The survey shows that 46

percent of the respondents have used their mobile device for banking transactions. Banks are also increasingly adding the mobile platform to their mix of distribution channels to meet the growing demand for mobility. Not surprisingly, marketplace estimates put the number of m-banking users globally at 500 million by 2010.

Are you using mobile payments on your smartphone/tablet



Source: Mobile Web Watch Survey, 2012

Base: All respondents using smartphone or tablet to access the Internet (n=10,815)

Figure 4a. Mobile payments—growing awareness and use.
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Augmented reality

The improved navigation features, lower data costs and availability of a range of apps are convincing digital consumers about the value addition of using mobile Internet. New and developing areas such as Near Field Communications and augmented reality services are set to push mobile Internet usage to a whole new level altogether. The Accenture survey hints at that possibility with the finding that across the 13 countries it surveyed, 17 percent of the smartphone and tablet users are using augmented reality services and a further 50 percent indicated they would be interested or

plan to use such services soon. Overall, 23 percent of the respondents in emerging markets are using augmented reality services against 14 percent in mature markets. The intended adoption in the next 12 months will further widen this gap, with 26 percent of the respondents in emerging markets saying they plan to use these services as against 20 percent in mature markets.