Mobile Consumer Survey 2015 – The Australian Cut
Life’s smarter than you think
Life’s smarter than you think

The smartphone reigns supreme and is more ubiquitous and pervasive than ever. Almost 80% of Australians surveyed have one, an increase of nearly 10% on last year. There are roughly 15 million smartphones in use in Australia and that doesn’t include the millions of used devices stashed in drawers, or the ones passed on to our families. Collectively Australians are adept multitaskers, and as social creatures, easily distracted. Which, according to the survey of 2000 Australians, aged 18 to 75, when coupled with the fear of missing out (#FOMO) has the entire nation glancing at their devices more than 440 million times a day.

The two smartest aspects of adopting the smartphone, are the extent to which it enables Aussies to communicate (its original utility), and how it has now become the go-to device for so many day-to-day activities – taking photos, checking weather, ordering groceries, transferring money, hailing a ride, or even video-calling with overseas friends.

The smartphone has become much more than just a means to communicate – to call, to message, to link socially or in business – it has become the personal remote for life and the consumer is in control... for now.

Eyes glued to the phone

As Australians commute, on the bus, train or ferry, it is becoming rarer to see fellow commuters with their heads buried in the newspaper, passively reading and consuming content. Now more than ever, these same commuters are glued to their smartphone, actively checking their social sites, watching the news, reading email, curating and posting pictures, checking the weather, and other forecasts, which can lead to that ‘parallel universe’ – life outside work and potentially dreams of a break.
As an algorithm serves up an ad that offers a ‘last minute’ deal to that attractive destination, it is so easy to spontaneously book using just a fingerprint to authorise.

And then the follow through begins. Possibly a new outfit for the trip? Maybe some shoes? Or a lightweight bag? As the user browses to his or her favourite retailer, it is so easy to select the item and have it delivered to a click-n-collect locker the next day by simply using a personalised code sent directly to the smartphone.

And to continue the story...
To celebrate the trip our mobile consumer arranges a catch-up with a friend on instant message (IM), and makes a booking via an app at a new place nearby that he/she’s heard so much about on social media.

Running a little late, it is easy to locate and book a driver on the device. Using the smartphone the consumer can see when the driver will pick them up, let them select and play their favourite music on the trip, rate the driver, make a payment and receive an e-receipt – with no wallet or real effort required.

On the way
On the way to the restaurant our commuter checks out the menu, views ratings and posts of the delicious-looking dishes and cocktails, while messaging friends (both locally and overseas).

The amazing thing about this situation is that at no time has our mobile consumer needed to utter a word or lift more than his or her finger to tap on their device. Even more amazing is that this is just a regular trip for many Australians. As Australia embraces the disruption that digital is having on their lives, they are becoming smarter and more efficient and effective as a result.
Australians have never held more control in the palm of their hands, attached to our wrists and increasingly gained through connected devices in our homes and cars.

We hope you enjoy this year’s Deloitte mobile consumer survey, the Australian edition, with 2,000 respondents aged 18-75, and part of a 30 country review of mobile usage spanning 49,000 respondents.

Cheers,

Jeremy Drumm  
TMT Partner – Monitor Deloitte

Stuart Johnston  
Head of TMT – Deloitte
‘Game of Phones’
Managing our multi-dimensional lives
The need for speed
Retail reinvented
Grandmas taking selfies
‘Game of Phones’ – the battle of devices
‘Game of Phones’ – the battle of devices

The powerhouse duopoly, Apple and Samsung, continue to battle it out in fierce rivalry collectively holding 73% of the Australian smartphone market.
Overview

We expect more than five million smartphones to be sold to consumers in Australia over the next 12 months. With such a lucrative market it comes as no surprise that there is such a fierce ‘Game of Phones’ rivalry between the devices. In the modern digital and connected world, one device reigns supreme and in Australia has risen above all others as the preferred method of interacting. A massive 79% of Australians now own a smartphone, with an even higher penetration rate expected next year.
Australian mobile consumers are known for their love of devices and willingness to early-adopt technologies. Six in 10 own multiple devices, but it is the smartphone that reigns supreme in the always-on and connected world. The smartphone is the dominant device for all users under 55 and 79% of Australians own one.

And despite slowing growth in the global tablet market\(^2\), there has been a 35% year on year increase in Australian household ownership with 59% of Australian households having access to a tablet compared with 44% in 2014.

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

<table>
<thead>
<tr>
<th>Device</th>
<th>2014</th>
<th>2015</th>
<th>Plan to purchase in the next year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smartphone</td>
<td>76%</td>
<td>79%</td>
<td>32%</td>
</tr>
<tr>
<td>Laptop</td>
<td>71%</td>
<td>77%</td>
<td>25%</td>
</tr>
<tr>
<td>Any tablet</td>
<td>44%</td>
<td>59%</td>
<td>16%</td>
</tr>
<tr>
<td>Fitness band</td>
<td>4%</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Smartwatch</td>
<td>2%</td>
<td>3%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Note: The responses above relate to the percentage of all consumers surveyed. All other questions use a base of smartphone users only.
Thirst for devices

Australians outdoor lifestyle has translated into a three-fold growth in fitness band ownership over last year’s survey. China (at 18% ownership) was the only country in the global Deloitte survey that was higher. We expect sizeable device growth in both the Fit-band and Smartwatch market in Australia next year with half of the ‘early adopters’ planning to purchase a smartwatch in the next year.
The battle for the ‘Iron Throne’

In the Australian ‘Game of Phones’, Apple and Samsung continue to battle it out in a fierce rivalry. Apple has remained on the throne this year which is largely the result of its dominance with mobile consumers under 45. This powerhouse duopoly is dominating the market, collectively holding 73% of the smartphone market, an increase from 70% in 2014.

Q: Thinking about your main smartphone, what is the brand of your current smartphone?

![Graph showing smartphone brand distribution by year and age]

- **2014**
  - **Apple**: 38%
  - **Samsung**: 32%
  - **Nokia**: 7%
  - **HTC**: 7%
  - **Sony**: 5%
  - **Other**: 11%

- **2015**
  - **Apple**: 41%
  - **Samsung**: 32%
  - **Nokia**: 6%
  - **HTC**: 5%
  - **Sony**: 4%
  - **Other**: 12%
The battle for the ‘Iron Throne’

Apple and/or Samsung dominate most markets that we surveyed, but there are some notable variations of the combination of leading brands, for instance; Japan is 40% Apple and 16% Sony (5% Samsung), Finland 39% Nokia and 33% Samsung (13% Apple), Russia 26% Samsung and 16% Nokia (11% Apple), Brazil 34% Samsung and 16% LG (9% Apple). In the UK the race is very close with Samsung (33%) nudging out Apple (31%) this year.
Australians are very loyal mobile consumers when it comes to their smartphone. Of the five million smartphones that will be purchased over the next 12 months, we anticipate that 46% of consumers (roughly 2.3 million smartphones) will remain loyal to their current brand.

Be it brand loyalty, ecosystem entrapment, or a genuine love of device, the smartphone marketplace has many high hurdles for new players looking to enter the Australian market.

Q: What was the brand of your previous smartphone?

- **Apple**: 61% of current Apple smartphone users had an Apple as their previous handset
- **Samsung**: 47%
- **Nokia**: 57%
- **HTC**: 24%
- **Sony**: 24%

Current handset: Apple 38%, Samsung 12%, Nokia 17%, HTC 14%, Sony 14%, Other 17%

Previous handset: Apple 11%, Samsung 7%, Nokia 13%, HTC 5%, Sony 13%, Other 16%
Stickiness

Talk of Apple’s cult-like status is supported with a whopping 61% of iPhone owners sticking with the brand when upgrading to a new device. Nokia and Samsung both have healthy following with loyalty of 57% and 47% respectively.
Trading in your device

Less than one in 10 Australian smartphone owners (8%) appear to be participating in the quickly growing $7 billion used-phone global marketplace. With new pricing and trade-in plans offered by network operators and manufacturers aimed at fuelling (or at least stabilising) growth in the new device market, we expect more Australian mobile consumers to engage in this market.

For those consumers that are selling their used device, the channel they prefer vary by country. Selling their used smartphone online is the preferred channel in Australia (63%), Germany (67%) and the UK (50%). Singaporean consumers prefer selling through a retail shop (42%), whereas Japanese consumers’ trade-in their device to their mobile operator (55%).

<table>
<thead>
<tr>
<th>Options</th>
<th>Australia</th>
<th>Singapore</th>
<th>UK</th>
<th>Japan</th>
<th>Germany</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saved it</td>
<td>48%</td>
<td>48%</td>
<td>45%</td>
<td>51%</td>
<td>46%</td>
<td>44%</td>
</tr>
<tr>
<td>Shared it</td>
<td>27%</td>
<td>21%</td>
<td>21%</td>
<td>5%</td>
<td>29%</td>
<td>21%</td>
</tr>
<tr>
<td>Binned it (Recycle)</td>
<td>15%</td>
<td>4%</td>
<td>11%</td>
<td>23%</td>
<td>8%</td>
<td>20%</td>
</tr>
<tr>
<td>Sold it</td>
<td>8%</td>
<td>26%</td>
<td>21%</td>
<td>20%</td>
<td>16%</td>
<td>13%</td>
</tr>
<tr>
<td>Lost it</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>4%</td>
</tr>
</tbody>
</table>
‘Connected devices’

The Australian ‘connected device’ marketplace – referring to the marketplace for Internet of Things devices including connected home entertainment, home automation devices, individual devices and connected cars – is on the verge of an adoption s-curve. 52% of Australian consumers have ready access to a ‘connected device’ compared with a global average of 49%. The most popular household connected devices are gaming consoles (30%) and smart TVs (29%) here in Australia.

The relatively low perceived benefit of connected home automation devices, including appliances, is a factor in the adoption of these devices being 3% in Australia. Smart home security (3%) and connected car system adoption (3%) is likely to be delayed due to the longer replacement lifecycle for these products.

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

- Games console (30%)
- Smart TV (29%)
- Fitness band (15%)
- Wireless speaker (10%)
- Smart watches (4%)
- Surveillance security system (3%)
- Connected home appliance (3%)
- Connected car system (3%)
- Smart thermostat (2%)
- Smart lighting system (2%)
Insights

For millions of Australian consumers, the smartphone has become the most personal, most coveted of relationships across their growing number of digital devices. The smartphone is the one device where there is a 1-to-1 ownership, rather than having to share access with other members of the household.

Battle of the brands
The Australian mobile device market is highly attractive and an exceptional market relative to global comparison. Although it may not be as large a consumer market as South-East Asia or China, the Australian mobile marketplace does standout as being one with deep smartphone penetration, dominated by high end devices and brand-loyal consumers making it highly lucrative, especially for the powerhouse duopoly manufacturers.

Although Apple is currently winning the local device competition, Android remains the dominant operating system with Australian sales surpassing iOS every month but one over the past year. The operating system ecosystem continues to be an important factor contributing to brand loyalty. Respondents aged 18-34 call out the devices’ ecosystem as the most important factor when buying a smartphone.

Whether the allure of a superior OS can entice smartphone users to make the big brand switch is yet to be seen.
Insights

New vs. used
Most consumers prefer new smartphones, with 86% of respondents’ current smartphones bought new, versus a hand-me-down. Some 34% of smartphone owners\(^9\) plan to replace their current smartphone within the next year, the highest of any digital device, which equates to more than five million new smartphones hitting the market this year. Retaining customers at the end of their post-paid contract is top of mind for all retail communication providers. Introducing alternative strategies that breaks the device upgrade lifecycle from the contract term is one way to take advantage of consumers preferences for new devices.\(^{10}\)

With less than one in 10 respondents monetising their used device, Australia is a laggard in the second-hand device marketplace.

This is consistent with respondents’ preferences for new versus refurbished devices, however given recently announced moves by both Apple and Samsung\(^{11}\) regarding device trade-in and upgrade programs the refurbished market will be an area to watch over the next year.

Connectivity
Mainstream consumers appear to have only tentatively adopted connected devices so far, with each of the four main categories of connected device having its own story.

- **Connected home entertainment** has the highest adoption rate in Australia, with gaming consoles (30%) and smart TVs (29%) the most popular. Wireless speakers (10%) are a relatively easy way to create a stereo-sound experience in your home or on the go.
Insights

• **Connected home automation devices** have not hit mainstream consumers yet. Smart surveillance systems – the most popular connected home device at 3% – should expect steady growth as the home security market increasingly incorporates connectivity. Smart thermostats and smart lighting systems, both with just 2% penetration have not yet won over the sceptical mobile consumer. The relative cost, complexity, and with much of the functionality already existing in non-connected devices likely holding these devices back.

• **Connected individual devices** or wearables have made a healthy jump in the Australian market. Both fitness band (15%) and smart watch (4%) penetration are relatively high compared with the rest of the world.

This year the much-hyped Apple watch was launched, and despite mixed reviews in the media,¹² global smartwatch shipments have grown more than 450% annually and should break through 20 million units sold this year. Apple accounts for around 75%¹³ of this growth, with an expected 3.6 million Apple watches sold from April to June this year¹⁴.

• **The connected car** was one of the first ‘connected’ devices to launch commercially. However, so far, only 3% of Australia’s respondents indicated they have access to a connected car. This is largely the result of the long life cycle of cars, and the reluctance to retrofit older cars with this technology.
Managing our multi-dimensional lives –
Australia’s social revolution
Our constant appetite for checking-in, messaging with friends, reading the news and the growing fear of missing out, means Aussies are multi-tasking on their smartphones more than ever before.

Managing our multi-dimensional lives – Australia’s social revolution
Collectively Australians look at their smartphones more than 440 million times a day. The obsession with the smartphone reflects a craving to connect and check-in on waking and just before sleeping. Devices are integral to how Australians live, organise and enjoy their lives, whether socially, professionally or personally. More than half the population check their smartphone within 15 minutes of waking, interacting continuously throughout the day without being prompted until disconnecting and switching off for the night.
Rise and check

More than 80% of the population can’t last an hour after waking before checking their smartphones.

A third of the population now checks their device within five minutes of waking – a 14% increase year on year. And half the mobile consumers aged between 18-24 years connect and interact with their favourite device within five minutes.

Q: How quickly do you check your smartphone after waking?

- **Immediately**
  - All: 12%
  - 18-24: 20%
  - 65-75: 4%

- **Within 5 mins**
  - All: 33%
  - 18-24: 50%
  - 65-75: 15%

- **Within 15 mins**
  - All: 52%
  - 18-24: 74%
  - 65-75: 30%

- **Within 30 mins**
  - All: 65%
  - 18-24: 85%
  - 65-75: 42%

- **Within 1 hr**
  - All: 81%
  - 18-24: 92%
  - 65-75: 68%
How Aussies interact

Checking SMS continues to be Australians’ ‘go-to’ interaction first thing (27%) which is higher than the average global consumer (18%). Mobile consumers under 35 jump on their social network apps immediately on waking.

Interacting through social media and instant messaging are increasingly becoming popular ways Australians communicate and stay connected. 26% of consumers over 55 years old are now using their smartphone to communicate through social networks regularly (a 45% increase since 2014) and 19% are actively using IM compared to just 4% last year.

Q: What is the first thing you do on your smartphone?

<table>
<thead>
<tr>
<th></th>
<th>All ages</th>
<th>18-24</th>
<th>25-34</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>SMS</td>
<td>Social networks</td>
<td>Social networks</td>
<td>SMS</td>
<td>SMS</td>
<td>SMS</td>
<td>SMS</td>
</tr>
<tr>
<td></td>
<td>27%</td>
<td>40%</td>
<td>25%</td>
<td>27%</td>
<td>37%</td>
<td>34%</td>
<td>41%</td>
</tr>
<tr>
<td>#2</td>
<td>Email</td>
<td>SMS</td>
<td>Email</td>
<td>Email</td>
<td>Email</td>
<td>Email</td>
<td>Email</td>
</tr>
<tr>
<td></td>
<td>21%</td>
<td>24%</td>
<td>23%</td>
<td>22%</td>
<td>19%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>#3</td>
<td>Social networks</td>
<td>Email</td>
<td>Social networks</td>
<td>Weather</td>
<td>Weather</td>
<td>Weather</td>
<td>Weather</td>
</tr>
<tr>
<td></td>
<td>16%</td>
<td>14%</td>
<td>16%</td>
<td>15%</td>
<td>7%</td>
<td>10%</td>
<td>8%</td>
</tr>
</tbody>
</table>
How Aussies interact

Q: Which of the following have you used in the last 7 days?
Can’t put it down

Australians look at their smartphone more than 30 times a day on average. This constant appetite for checking-in, messaging with friends, reading the news and the growing fear of missing out, means Australians are an even more connected nation than before.

Younger Australians are the most digitally connected mobile consumers, checking their smartphone on average 56 times a day and 5% checking more than 200 times a day.

Q: How many times would you estimate you look at your phone in a day?
Multitasking

The majority of Australians are serious multitaskers, complementing our daily rituals and face-to-face interactions with digital social interaction. More than 88% use their smartphones on public transport, at work (92%), while watching TV (83%) and even when talking with friends (88%).

Q. How often, if at all, do you use your smartphone while doing the following?

<table>
<thead>
<tr>
<th>Activity</th>
<th>Never</th>
<th>Hardly ever</th>
<th>Sometimes</th>
<th>Always or very often</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using public transport</td>
<td>12%</td>
<td>12%</td>
<td>34%</td>
<td>42%</td>
</tr>
<tr>
<td>While at work</td>
<td>8%</td>
<td>17%</td>
<td>22%</td>
<td>65%</td>
</tr>
<tr>
<td>Watching TV</td>
<td>17%</td>
<td>15%</td>
<td>19%</td>
<td>59%</td>
</tr>
<tr>
<td>While out shopping</td>
<td>6%</td>
<td>17%</td>
<td>19%</td>
<td>69%</td>
</tr>
<tr>
<td>While walking</td>
<td>17%</td>
<td>17%</td>
<td>15%</td>
<td>50%</td>
</tr>
<tr>
<td>Meeting friends</td>
<td>19%</td>
<td>17%</td>
<td>13%</td>
<td>50%</td>
</tr>
<tr>
<td>Spending leisure time</td>
<td>16%</td>
<td>22%</td>
<td>13%</td>
<td>50%</td>
</tr>
<tr>
<td>Talking to family / friends</td>
<td>12%</td>
<td>24%</td>
<td>10%</td>
<td>54%</td>
</tr>
<tr>
<td>Eating at home</td>
<td>28%</td>
<td>21%</td>
<td>9%</td>
<td>30%</td>
</tr>
<tr>
<td>While eating in a restaurant</td>
<td>27%</td>
<td>23%</td>
<td>7%</td>
<td>40%</td>
</tr>
<tr>
<td>In a business meeting</td>
<td>50%</td>
<td>17%</td>
<td>5%</td>
<td>28%</td>
</tr>
<tr>
<td>When crossing the road</td>
<td>58%</td>
<td>17%</td>
<td>4%</td>
<td>21%</td>
</tr>
<tr>
<td>While driving</td>
<td>58%</td>
<td>17%</td>
<td>4%</td>
<td>21%</td>
</tr>
</tbody>
</table>

*Note: The percentages indicate the frequency of using smartphones in various activities.*
In spite of the known health implications resulting from too much ‘screen-time’ before sleeping, more than half of Australians ignore the warnings. 21% of 18-24 year olds, interact with their smartphone immediately before turning in for the night.

Q: At the end of the day, typically how long is the interval between you checking your phone for the last time and preparing to sleep (not including setting the phone’s alarm)?

- Immediately: All: 10% 18-24: 21% 65-75: 6%
- Within 5 mins: All: 28% 18-24: 44% 65-75: 13%
- Within 15 mins: All: 42% 18-24: 63% 65-75: 18%
- Within 30 mins: All: 56% 18-24: 79% 65-75: 35%
- Within 1 hr: All: 72% 18-24: 89% 65-75: 48%
Insights

While previously responding primarily to alerts on their devices, 44% of 18–34 year olds now check their device ‘almost always’ or ‘very often’ without being prompted.

Checking on overnight developments in the digital world first thing on waking, and last thing at night (some even using meditation apps to relax before sleep); multitasking with the device constantly throughout the day, Australians allow their devices and apps to both facilitate and intrude into their daily lives potentially distracting and always demanding attention.

Navigating mobile digitisation to be more efficient and effective, and in control, as opposed to just being distracted – or being controlled – will be the key to managing multi-dimensional lives well.

Opportunity vs. distraction

Families are likely to be frustrated with their multitasking children who are the highest ‘offenders’ of using their smartphone while in social settings. 91% of 18-24 year olds use their smartphone while spending ‘quality time’ with mum and dad and 83% when having a meal at home with their family. In a time constrained world, many Australians are turning ‘down time’ into ‘browse time’, with 88% of respondents using their device while commuting on public transport.

Frighteningly however, 42% of Australians admit to using their devices while driving, and 25% do so regularly. While GPS enabled phones offer great utility to support navigation, the concern is whether mobile consumers are using these devices safely rather than taking advantage of a connected car.
Insights

Traditional communication remains strong but the uptake of social messaging continues. Communicating through ‘traditional’ means is still the most represented function of the mobile world. SMS (90%) and standard voice (79%) are the predominant services used to communicate with others. The Australian mobile consumer is more active than last year on ‘non-traditional’ communication channels. Smartphone users across all age groups are more actively using social networks (52% versus 44% in 2014), instant messaging (IM) (42% versus 25% in 2014) and multimedia messaging service (MMS) (33% versus 25% in 2014). Consumers are also experiencing a convergence of services, with social media platforms now offering IM, news articles and short videos directly into personal feeds, and so adding to the increasing consumption of data and our need for speed.
The need for speed – anywhere, anyhow, anytime – all the time and lots of it
The need for speed – anywhere, anyhow, anytime – all the time and lots of it

Our need for speed – fast, quality connectivity – continues to grow, fuelled by the type of content we are consuming and the 340,000 terabytes of data that is being downloaded every month and still rising.
Overview

WiFi remains the Australian mobile consumer’s preferred way of connecting their smartphones (59%) and tablets (89%) to the internet. That said, not having access to WiFi doesn’t stop Australians seeking out connectivity through mobile networks. While 21% actively seek a WiFi network when out and about, only 14% will defer accessing the internet in the absence of WiFi. Some 65% of respondents are content roaming away from home and connecting to their mobile networks. Users with 4G mobile network connections are more likely to engage in data services while roaming and access a wider variety of online content.
WiFi is our preferred way of connecting our smartphones and tablets to the internet, especially at home and work. 59% of smartphone and 89% of tablet consumers connect most often to the internet over WiFi versus mobile networks. This ‘free’ supply of data is enjoyed mainly by the young...who are likely not to be paying for it!

Globally the preference for smartphone connectivity varies country to country. The global average for WiFi connectivity preference is 64%, with most advanced European countries averaging close to 70%. Finland is a clear exception with only 27% preferring WiFi to connect to their smartphone.

Q: Which types of connectivity do you use most often?
WiFi vs. 4G

Avoiding ‘bill shock’ and managing monthly costs is the likely driver for preferring WiFi, given the majority of respondents believe 4G is a faster connection than WiFi. This perception has grown since last year with 53% of smartphone consumers perceiving their 4G connection to be faster than WiFi.

Q: How do the 4G speeds on your phone compare with WiFi speeds when out and about?

<table>
<thead>
<tr>
<th>Year</th>
<th>4g speeds are faster</th>
<th>The speed is about the same</th>
<th>4g speeds are slower</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>47%</td>
<td>21%</td>
<td>13%</td>
</tr>
<tr>
<td>2015</td>
<td>53%</td>
<td>26%</td>
<td>21%</td>
</tr>
</tbody>
</table>
4G subscriptions have jumped 52% since 2014. This increase is largely driven by 4G networks being more accessible to consumers due to significant progress in network rollouts, but also the availability and penetration of next-gen smartphones that are 4G enabled. Australian mobile consumers have some of the best 4G network coverage globally, but speeds are not improving given the increasing congestion on networks.\textsuperscript{16}

Increasing congestion aside, smartphone users that subscribe to 4G are more satisfied with their speeds now compared to 2014 (71% rated speed higher versus 64% in 2014). This increase in satisfaction translates into substantially more use of data hungry apps and social interactions.

Q: Do you currently subscribe to 4G?

<table>
<thead>
<tr>
<th>Year</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>27%</td>
<td>73%</td>
</tr>
<tr>
<td>2015</td>
<td>41%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Q: How do you compare your 4G speeds compared to your 3G connection?

- Faster: 71% (2014: 64%)
- No Change: 24% (2014: 33%)
- Slower: 6% (2014: 3%)
3G vs. 4G

Q: Since subscribing to a 4G service, which of the following do you do more frequently?

- Email: 46%
- Social: 42%
- Navigation: 36%
- IM: 34%
- Browsing shopping: 27%
- Read news: 23%
- Watch video: 22%
- Listen to radio: 10%
- Upload large photos: 9%
- Video calls: 9%
- VoIP: 9%
Insights

59% of respondents prefer to connect their smartphone using WiFi versus their mobile network. This preference is largely driven by cost, and is most pronounced in the 18–24 age group, 71% of whom indicate WiFi is their preferred connection. 4G users are less likely (54%) to connect to WiFi compared with non-4G users (63%). And although this may not be a well-known fact, using WiFi is a less power hungry means of connecting, than the network, which for many battery-savvy consumers is an added bonus.17

Why switch?
More than half of respondents believe that 4G speeds are faster than WiFi. But only 11% of consumers cite 4G availability as a reason for selecting their current network operator – monthly service charge amount (22%) and the cost of the device (24%) are noted most often. When asked what the main reasons were to switch network operators 20% of respondents cited connection speed and quality and 15% flagged 4G availability as a key switching consideration an eight point increase over last year.

The demand for data continues to grow
Australian mobile consumers’ appetite for data-intensive content and services (e.g. watching short videos, curating content rich social networks, VoIP and video calls) is increasing.18 Data and content consumption continues to rise in Australia with our monthly data consumption downloads exceeding 340,000 terabytes of which approximately 7% is downloaded over mobile networks.19
Insights

This continued growth is fuelling the need for ongoing investments in higher quality and more accessible mobile networks and it bodes well for fixed-line broadband providers (including the investment the Australian Government is making in the national broadband network).

New offers
The sharing economy and collaborative consumption means many households and users are converting the spare capacity of their homes and vehicles into revenue. Telstra Air,\textsuperscript{20} launched in July 2015, created the largest public WiFi network in Australia.

While we are not aware of Telstra Air providing plan holders a means to generate revenue from their spare data capacity (yet?), it does offer consumers greater flexibility in accessing their ‘home’ data through a shared router.

Although 4G connectivity is increasingly more accessible, the prospect of mobile consumers going ‘WiFi first’ is no longer far-fetched but still has many limitations that need to be worked through.

Although there are some early successes in Europe for the ‘WiFi first’ model, the more likely reality is that public WiFi will be one of the many network technologies that a mobile consumer will use (knowingly or not) to remain connected.

The mobile virtual network operator services (MVNO) space will also be important to watch in the coming year with both Google and Apple testing services currently\textsuperscript{21} that could be of benefit to mobile consumers and disruptions to current communication service providers.
Retail reinvented – shifting ‘downtime’ into ‘browse time’
Retail reinvented – shifting ‘downtime’ into ‘browse time’

Innovations aiming to enhance the consumers’ experience, make retail transactions more secure, and introduce new business models enabled through the smartphone, will continue to reinvent retail as we know it.
Overview

Australians are app savvy and tend to be early adopters of new technology and online commerce trends. The banks are progressive and innovative when it comes to mobile, online and smart paying systems, including Australians’ much-loved ‘tap and pay’ cards and payment systems, which are now commonplace across the country.\textsuperscript{22} Despite positive signals from mobile consumers in the 2014 survey, the lack of progress on mobile payment solutions likely means we will continue to use what we are comfortable with (i.e. our bank/credit card) to make retail payments. For retailers this means they will need to find alternative ways to engage with consumers that do not rely on them using their smartphone at the register.
Downtime, browse time

As a nation of multitaskers, Australians are quick to reach for their smartphone turning what was once ‘downtime’ into ‘browse time’. 65% of respondents have browsed shopping websites on their smartphone and 40% browsing weekly.

Nearly two-thirds of respondents under 35 have made online purchases using their smartphone, as have 42% of all users (slightly lower than the 49% global average).

Consumers with a 4G connection are 1.4 times more likely to browse shopping websites regularly and 1.8 times more likely to buy online using their smartphone than those on a 3G connection.

Q: Have you ever used your smartphone to browse shopping websites or to make mobile purchases?
Although Australian mobile consumers are actively participating in the growing mCommerce marketplace, it appears they are disinclined to use their smartphones in the same way they currently use their bank or credit card relative to global consumers. 24% of Australian respondents (a 16 point decline from last year) indicated they would use their smartphone like a debit/credit card to pay in a retail shop compared with the 40% global average.

One of the main reasons cited for this decline is, ‘The perceived lack of security (43%)’ which is a reflection of misconceptions versus reality. Mobile payments are considered more secure than card based systems and provide consumers additional benefits including higher payment limits and biometric recognition.

Q: If a mobile solution existed that allowed you to pay like you do with a bank card, would you?

- **2014**
  - Australia mobile consumers:
    - Don’t know: 19%
    - Yes: 40%
    - No: 41%

- **2015**
  - Australia mobile consumers:
    - Don’t know: 22%
    - Yes: 24%
    - No: 54%

- **2015**
  - Global mobile consumers:
    - Don’t know: 20%
    - Yes: 40%
    - No: 40%
Beyond payment

To overcome what appears to be a declining interest in making payments using your smartphone for day to day transactions (e.g. parking, taxis, coffee, fast-food, groceries and restaurant bills), financial institutions, retailers and app savvy developers will need to look beyond just the payment process. Designing a compelling value proposition for mobile consumers that uses the full functionality and emphasises the security features of the smartphone will be key.

Q: For which of the following would you like to pay with a mobile?

<table>
<thead>
<tr>
<th>Service</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Public parking</td>
<td>33%</td>
<td>24%</td>
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<tr>
<td>Taxi</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>Coffee shops</td>
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<td>21%</td>
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<tr>
<td>Fast-food</td>
<td>24%</td>
<td>20%</td>
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<tr>
<td>Groceries</td>
<td>25%</td>
<td>16%</td>
</tr>
<tr>
<td>Restaurant bills</td>
<td>22%</td>
<td>16%</td>
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</table>
Beyond payment

Innovations enabling fast lane-ing, or a superior customer experience
Innovations aiming to enhance the consumers’ experience, make retail transactions more secure, and introduce new business models enabled through the smartphone, will continue to reinvent retail as we know it.

Companies that are winning by going beyond payment

• Uber – Mobile ordering and payment, GPS tracking and fare-splitting option, as well as streaming the music of your choice
• Beat the Q – Mobile order and payment, jump the queue and loyalty points
• Clipp – Mobile bar tab payment, real-time promotions, loyalty points and bill splitting option.
Insights

The launch of Apple Pay in Australia is currently held up in negotiations between Apple and the major financial institutions. Apple Pay incorporates both tokenisation and biometrics in its mobile pay solution. This enhanced security is aimed at alleviating the perceived lack of security, the most stated concern of mobile consumers (43%) for not using their smartphones to make a payment.

It will be interesting to see if Apple’s ‘cult-like’ status will be capable of turning any of the 54% of respondents who currently see no perceived benefits from using their smartphone to make a card-like payment.

Mobile browsing

Australians are mobile shoppers, with 65% of respondents engaging in mobile browsing compared to roughly 60% of Europeans. Internet speed is critical for delivering a pleasurable browsing experience. This is backed up by the 79% of consumers on a 4G network who actively browse retail sites. Mobile consumers aged between 25-34 were most likely to browse shopping sites weekly – 84% do so regularly – and 64% have made a purchase online; a promising sign for e-retailers especially as the 18-24 year old segment shares the same trend.

Converting ‘window shopping’ into sales has long been a challenge for retailers, and it is no different with mCommerce. Shifting consumer behaviour can be difficult, but the conversion looks promising given four of every 10 smartphone users has made a payment online in the past year and one in 10 are purchasing weekly or more.
Insights

Retailers must get active
Retailers are being reinvented whether they like it or not. They will need to continuously adapt in response to the changing behaviours and shifting expectations of mobile consumers. One US study recently revealed that the total time spent on the smartphone has increased, however the amount of time spent on mobile internet browsers is decreasing.26

Retailers have to be able to attract and retain consumers through engaging smartphone apps which is where the Australian mobile consumer spends more than 80% of their time. Correspondingly, the approach to marketing and advertising to this new mobile consumer must continue to evolve to match the shifts in how they are interacting with their life’s remote control.
Grandmas taking selfies – and posting
Grandmas taking selfies – and posting

Taking a photo (yes this includes ‘selfies’) is the smartphone’s most cited activity, with over 95% of consumers participating, and most notably there is almost no separation between the ages.
Overview

Australians love to take photos, and even grandma is posting on social media! As smartphones become ubiquitous across all demographics, the number of mobile consumers snapping photos, taking video and then messaging or posting to friends and family, is intensifying. Data consumption is growing by the month as the thirst for social sharing continues to build. Last year our survey noted that the Instant Messaging wave was still building in Australia. This year it has landed. There is an increase in adoption of IM and Social Media across all ages on smartphones.
Instant messaging use jumped nearly 70% this year, most notably in mobile consumers aged over 45 where we expect the usage to continue to grow as this consumer demographic becomes even more social media savvy. We have seen IM usage slightly surpassing voice services for consumers under 24, a trend to watch over the next year as the messaging and social wave continues to impact Australian mobile consumers.

Q: In the last 7 days, in which, if any, of the following ways did you use your phone to communicate with others?
Snap that!

Taking a photo (yes this includes ‘selfies’) is the smartphone’s most cited activity. Some 95% of users have taken a photo on their smartphone, and most notably there is almost no separation between the ages when it comes to photos.

On average, 54% of smartphone users take photos weekly, 13% daily. Youngsters tend to be a little more snap-happy with more than 20% of respondents under 35 taking photos daily.

Q: How frequently, if at all, do you take photos on your phone?
Share that!

Social media usage has increased 18% amongst consumers aged 65–75, so not only is grandma likely to take your photo (29% taking photos weekly), she is now also likely to post it on social media (8% posting photos weekly to social) and potentially even tag you! #Family

Women (at 73% of respondents) are far more likely to use their smartphone to share a photo on social media compared with men (at 57%). In fact, 32% of Australian women share weekly whereas there are still 41% of men who have never posted a photo on social media.

Q: How frequently, if at all, do you upload or post photos on your phone?
Does it come in video?

Watching short videos on their smartphone is the most cited ‘entertainment’ use for consumers and has increased 260% year on year. More than half of the respondents have watched video that plays automatically on their social network.

Consumers are beginning to stream video (both TV programs and films) through their smartphone with 4G users more likely to watch video (47%) compared to 3G users (29%).

Q: Which of the following do you typically use your smartphone for?

- Watch short videos: 36%
- Watch video news stories: 9%
- Watch catch-up TV: 6%
- Stream films and/or TV series: 5%
- Watch live TV: 3%
- Read the news: 36%
- Listen to online radio: 12%
- Stream music: 12%

[Graph showing the distribution of video and non-video consumption activities]
Insights

The use of data intensive communication services has risen in Australia, with more than half – 52% of the 18-75 year old population – using social networks. 42% use Instant Messaging to interact and engage with their friends and family on a regular and increasing basis. Social media is driving a faster adoption ‘ripple-effect’ of services and features into the over 55 cohort.

One in three smartphone users prefer their smartphones to other devices for checking social media. As screen sizes increase, this preference jumps with 44% of iPhone 6+ users and 36% of Galaxy S6 users using their smartphone to check social media compared to 31% for prior iPhone generation owners and just 20% for older Galaxy owners.

Technology upskills

Advertising for the iPhone 6 focused heavily on the quality of photos, and the survey results show its effectiveness. Some 70% of iPhone 6 users take photos several times a week, compared to just 34% of Samsung Galaxy S6 users. Apple is now launching ‘Live Photo’ with its 6S which captures three seconds of video around the photo, and gives editorial power to the user to shape that moment.

Australians can expect enhanced photo and video functionality to influence device manufacturer’s product development and marketing campaigns for future models. Consumers are likely to respond positively to technology that instantly improves their skills.
As smartphone technology reaches the upper threshold of consumers’ ability to detect quality improvements (megapixel count and screen resolution), it will be the device that elevates the average user to the ranks of pro-photographer that could win the throne.

**Smart entertainment**

Smartphones are versatile entertainment devices and are Australians’ preferred device to consume media on-the-go.

Despite the surge in usage across Australian mobile consumers in nearly all aspects of content consumption through our smartphone we are lagging the rest of the world.

The global average usage for news consumption and watching short video is around 50% compared with approximately 35% usage in Australia. Australians are also relatively less likely to stream music (12%) or listen to online radio (12%) on their phones. Globally, the average is 22% and 20% respectively.
About the research

The Australian Cut is part of Deloitte’s Global Mobile Consumer Survey, a multi-country study of mobile phone users and usage around the world. The 2015 study comprises of 49,000 respondents across 30 countries and five continents.

Data cited in this report is based on a nationally representative sample of approximately 2,000 Australian consumers aged 18–75. Field work took place in May 2015 and was carried out online by Ipsos, an independent research firm, based on a question set provided by Deloitte. We also refer to our Deloitte Media Consumer Survey 2015 and our Technology, Media & Telecommunications Predictions 2015.

This report provides a perspective on the insights that the survey has revealed. Additional analyses including: reasons for buying mobile devices, reasons for joining/leaving mobile operators, attitudes towards triple/quad play, our responses to mobile advertising, tablet usage and other views on the mobile consumer market.

For further information about this research, please contact mobileconsumersurvey@deloitte.com.au
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For more information please visit www.deloitte.com/au/mobileconsumer

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1. Extrapolating survey results with ABS Australian demographic data - 2014 Australian Demographic Statistics (310100001), Dec 2014, Table 7 estimated resident population


3. ‘early adopter’ refers to the respondents that purchase the latest device within 6 months of release


9. 32% of all survey respondents (i.e. not just current smartphone owners) plan to buy a smartphone in the next 12 months


18. Watching short videos has increased from 10% to 36%, curating content rich social networks from 44% to 52%, voip from 9% to 15% and video calls 9% to 11%


22. Deloitte TMT Predictions 2015 - Contactless mobile payments (finally) gain momentum


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