analysys mason

Connected Consumer Survey 2019: OTT communication and digital economy services in Taiwan

Inigo Barker and Giulio Sinibaldi

RESEARCH

About this report

This report focuses on aspects of Analysys Mason's Connected Consumer Survey that relate to the behaviour, preferences and plans of online consumers in Taiwan. The survey was conducted in association with Dynata between July and August 2019.

The survey groups were chosen to represent the broader online consumer population. We set quotes on age, gender and employment status to that effect. We sampled 1000 respondents.

GEOGRAPHICAL COVERAGE

Developed Asia–Pacific

- Taiwan

KEY QUESTIONS ANSWERED IN THIS REPORT

- Which OTT communications apps are used most in Taiwan?
- How do consumers in Taiwan balance OTT communications with traditional services?
- What are the main payment mechanisms for ecommerce in Taiwan?
- Which organisations are consumers in Taiwan most willing to trust with their personal data?
- What are the ownership and interest levels for a range of connected devices in Taiwan?
- What proportion of consumers in Taiwan play video games, how frequently do they do so and which devices do they use?

WHO SHOULD READ THIS REPORT

- Operator-based strategy executives and marketing managers that are interested in understanding consumer market trends, the role of operators as content distribution channels and the impact of different approaches to pricing in the market.
- Market intelligence and research executives in service providers that are responsible for understanding end-user trends and supporting business units in identifying and addressing new opportunities.
- Product managers that wish to understand how particular service design aspects (such as bundling and pricing) influence customer satisfaction and how retention can be improved.

The OTT communication experience is fragmented between LINE, the default messaging app, and the Facebook ecosystem of apps

Virtually all smartphone users in Taiwan had adopted OTT communication services in 2019: only 2% did not do so. LINE is the default messaging service, used by 85% of the panellists. The Facebook ecosystem of apps has consolidated its position in the country; 90% of the respondents use at least one of Facebook, Facebook Messenger, Instagram and WhatsApp. 94% of the panellists in the 18–24 age group use at least one app: 90% of them are on Facebook, which reported a higher penetration than LINE in the age group (79%).

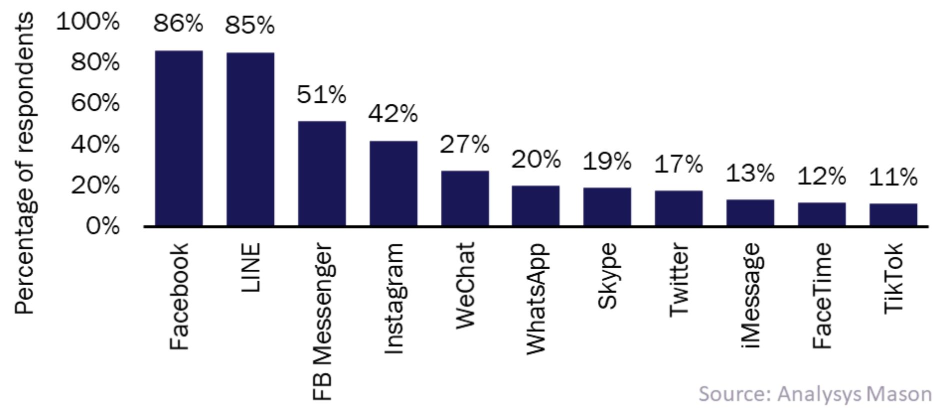
Younger respondents are relatively more engaged with social media such as Instagram and TikTok: 69% of respondents aged 18–24 use Instagram (compared to 42% of the total panel), while 15% use TikTok (compared to 11% of the total). Younger respondents are more likely to use video communication and stories, and to follow influencers on social media.

LINE's dominant position prevented WhatsApp and WeChat from developing a larger user base: WhatsApp is used by 20% of respondents, with peaks of 29% of 25–34 year olds and 27% of 35-44 year olds, while it is used by less than 15% of the respondents in all other age groups. WeChat is used by 29% of respondents over 35, and by 23% of younger respondents.

The communication experience is highly fragmented. Several apps have sizeable user bases and smartphone users use an average of 2.6 communication apps.

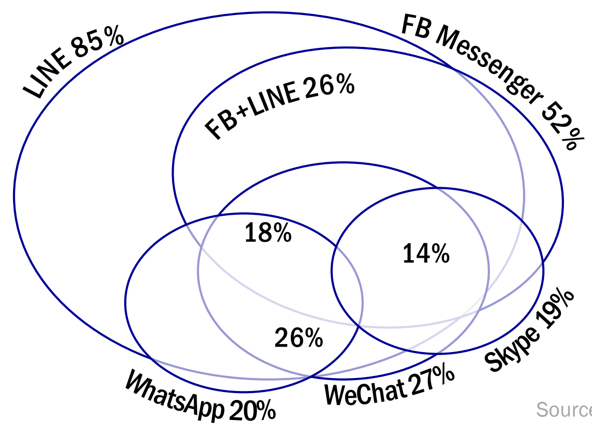
[1] Please refer to the methodology section for sample size and relevant survey questions.

Figure 1: Penetration of OTT and social networking services, 2019[1]



Source: Analysys Mason

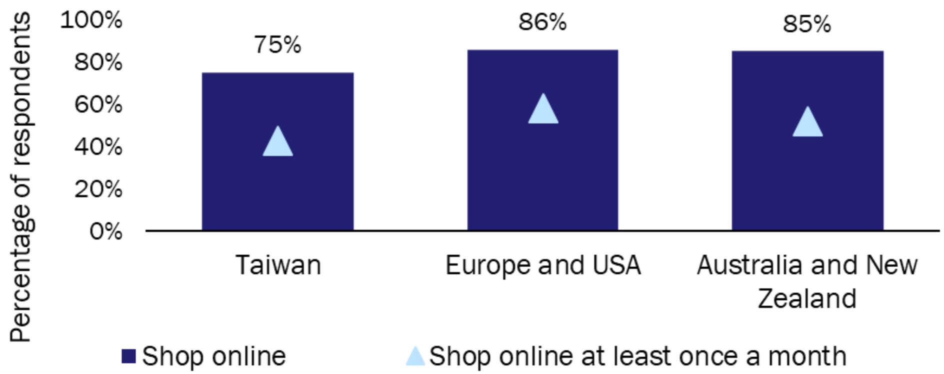
Figure 2: Proportion of respondents using OTT comms, showing the intersection of the main app communities



Source: Analysys Mason

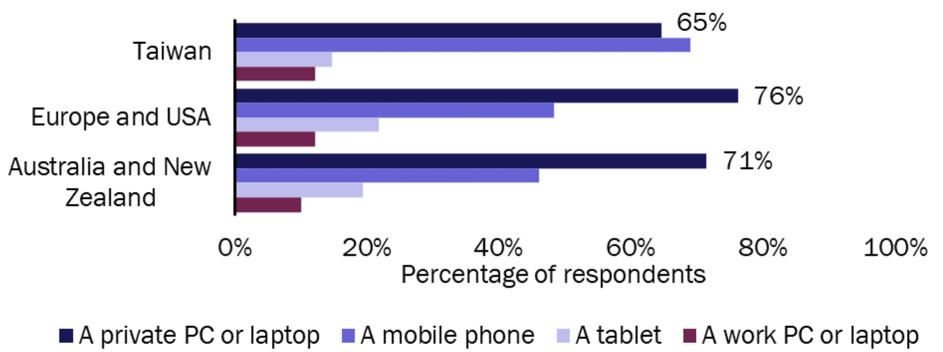
E-commerce: online shopping penetration is high in Taiwan but comparison with other developed countries suggests that there is room for growth

Figure 7: Percentage of respondents that make online purchases, Taiwan and others, 2019[1]



Source: Analysys Mason

Figure 8: Percentage of respondents that make online purchases, by device type, Taiwan and others, 2019[1]



Source: Analysys Mason

[1] Please refer to the appendix for sample size and relevant survey questions.

E-commerce penetration in Taiwan is lower than in other developed countries.

Taiwan's e-commerce sector is supported by the country's high internet penetration, its well-developed logistics infrastructure, and vibrant market competition with Taiwanese companies such as Pchome Online as well as international players such as Rakuten vying for consumer spend. Our data suggests that e-commerce penetration in Taiwan continues to lag behind that in other developed countries. The popularity of the use of cash on delivery in e-commerce may be an obstacle to higher participation in e-commerce in Taiwan (see next slide); indeed, in Australia and New Zealand as well as Europe and the USA, cash usage in e-commerce was considerably lower. Taiwan's online shopping base is also less engaged compared to in other developed countries: 57% of online shoppers shop online at least once a month (compared to 68% in Europe and the USA and 61% in Australia and New Zealand).

In 2019, mobile phones overtook private PCs as the most popular e-commerce channel. We have also noted that the percentage of respondents who make online purchases using private PCs and tablets has declined (by 4 percentage points for each device type) since 2018 and that the percentage who use mobile phones and work PCs to make online purchases has increased (by 2 percentage points and 3 percentage points respectively), suggesting that consumers are opting to use a more limited range of devices than previously.

Contents

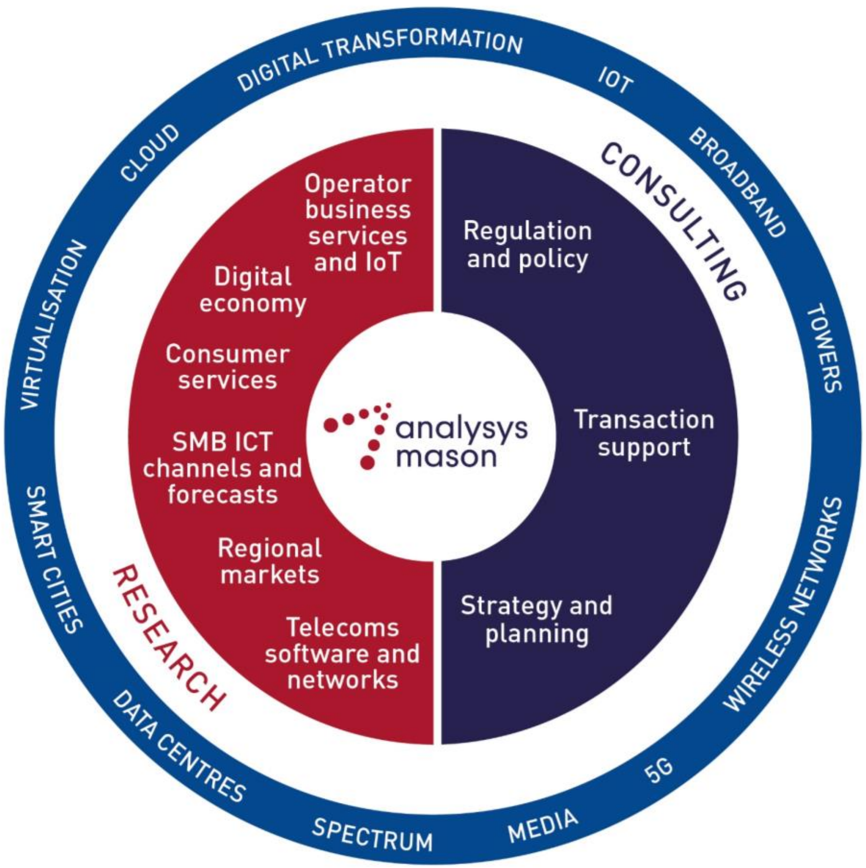
About the authors

Giulio Sinibaldi (Senior Analyst) is a key contributor to Analysys Mason's Consumer Services and Digital Economy research practices. He is interested in mobile strategies, over-the-top (OTT) platforms, Internet regulation and consumer behaviour, and his skillset includes quantitative forecast modelling and big data analytics. Giulio holds a BSc and an MSc in Economics from Bocconi University.

Inigo Barker (Analyst) is a member of the Consumer Services research team in London and works on the *Video Strategies* research programme. He previously worked in trade publishing and editing. He holds a first-class BA (Hons) degree in Classics from the University of Cambridge.

Analysys Mason's consulting and research are uniquely positioned

Analysys Mason's consulting services and research portfolio



CONSULTING

We deliver tangible benefits to clients across the telecoms industry:

- communications and digital service providers, vendors, financial and strategic investors, private equity and infrastructure funds, governments, regulators, broadcasters, and service and content providers.

Our sector specialists understand the distinct local challenges facing clients, in addition to the wider effects of global forces.

We are future-focused and help clients understand the challenges and opportunities that new technology brings.

RESEARCH

Our dedicated team of analysts track and forecast the different services accessed by consumers and enterprises.

We offer detailed insight into the software, infrastructure and technology delivering those services.

Clients benefit from regular and timely intelligence, and direct access to analysts.

Research from Analysys Mason

Consumer services programmes
Mobile Services
Mobile Devices
Fixed Broadband Services
Convergence Strategies
Video Strategies

Operator investment programmes
Operator Investment Strategies
Network Traffic
Spectrum

Telecoms software and networks programmes
Software Forecast and Strategy
Telecoms Software Market Shares
Network-focused
Next-Generation Wireless Networks
Video and Identity Platforms
Service Design and Orchestration
Automated Assurance
Network Automation and Orchestration
Digital Infrastructure Strategies
Customer-focused
Digital Experience
Customer Engagement
Monetisation Platforms
AI and Analytics

Digital economy programmes
Digital Economy Strategies
Future Comms

Operator business services and IoT programmes
Large Enterprise Voice and Data Connectivity
Large Enterprise Emerging Service Opportunities
SME Strategies
IoT and M2M Services
IoT Platforms and Technology

SMB ICT channels and forecasts programmes
Cyber Security

Regional markets programmes
Global Telecoms Data
Americas
Asia–Pacific
Middle East and Africa
European Core Forecasts
European Telecoms Market Matrix
European Country Reports

DataHub
~2500 forecast and 250+ historical metrics
Regional results and worldwide totals
Operator historical data

Consulting from Analysys Mason

REGULATION AND POLICY

- Policy development and response
- Ex-ante market reviews, remedies, costing …
- Universal Service Obligation (USO)
- Scarce resources: radio spectrum management, auction support, numbering …
- Ex-post/abuse of dominance
- Postal sector

TRANSACTION SUPPORT

- Commercial due diligence
- Technical due diligence
- Mergers and acquisitions (M&As)
- Debt and initial public offerings (IPOs)
- Joint-venture structuring
- Mid-market financial sponsors

STRATEGY AND PLANNING

- Commercial expertise
- Technology optimisation
- New digital frontiers

analysysmason.com/consulting

PUBLISHED BY ANALYSYS MASON LIMITED IN **JULY 2020**

Bush House • North West Wing • Aldwych • London • WC2B 4PJ • UK

Tel: +44 (0)20 7395 9000 • Email: research@analysysmason.com • www.analysysmason.com/research • Registered in England and Wales No. 5177472