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RESEARCH SURVEY REPORT

CONNECTED CONSUMER SURVEY 2016: OTT AND DIGITAL ECONOMY SERVICES IN MIDDLE EAST AND NORTH AFRICA

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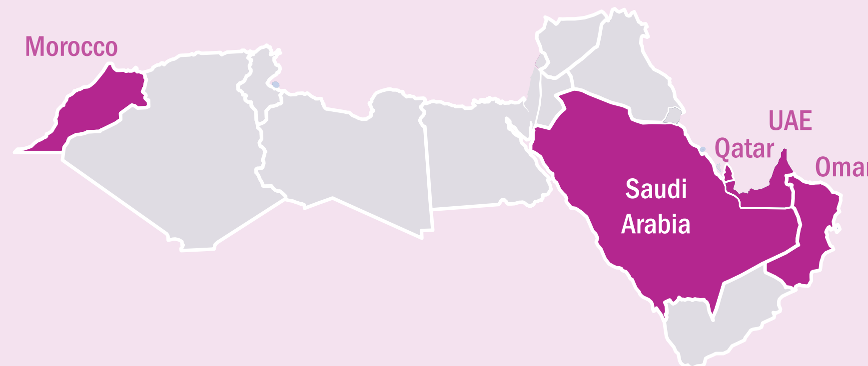
About this report

This report focuses on aspects of Analysys Mason's *Connected Consumer Survey* that relate to the behaviour, preferences and plans of smartphone users in the Middle East and North Africa (MENA) region. In particular, it focuses on respondents' usage of over-the-top (OTT) communications and digital economy services. The survey was conducted in association with On Device Research.

The research was conducted in August and September 2016. The survey groups were chosen to be representative of the mobile-Internet-using population in the region. We set quotas on age, gender and geographical spread to that effect. There were 4500 respondents in the region.

GEOGRAPHICAL COVERAGE



KEY QUESTIONS ANSWERED IN THIS REPORT

- Which OTT communications apps are used most in MENA?
- How do MENA consumers balance OTT communications with traditional services?
- What are the main payment mechanisms for ecommerce in MENA?
- Which organisations are consumers in MENA most willing to trust with their personal data?
- What are the trends in operator-led mobile money service usage in MENA?

WHO SHOULD READ THIS REPORT

- Operator-based strategy executives and marketing managers who are interested in understanding consumer market trends, and the changing role of operators as communications and digital service providers.
- 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 in mobile communications, ecommerce, payments, and identity management.
- Equipment/device manufacturers and software providers that want to identify end-user trends in service and device usage and help their operator customers to better address market opportunities in mobile services and services related to ecommerce and payments.

Many users are concerned about the quality of experience for VoIP services but price is the main driver in the voice market

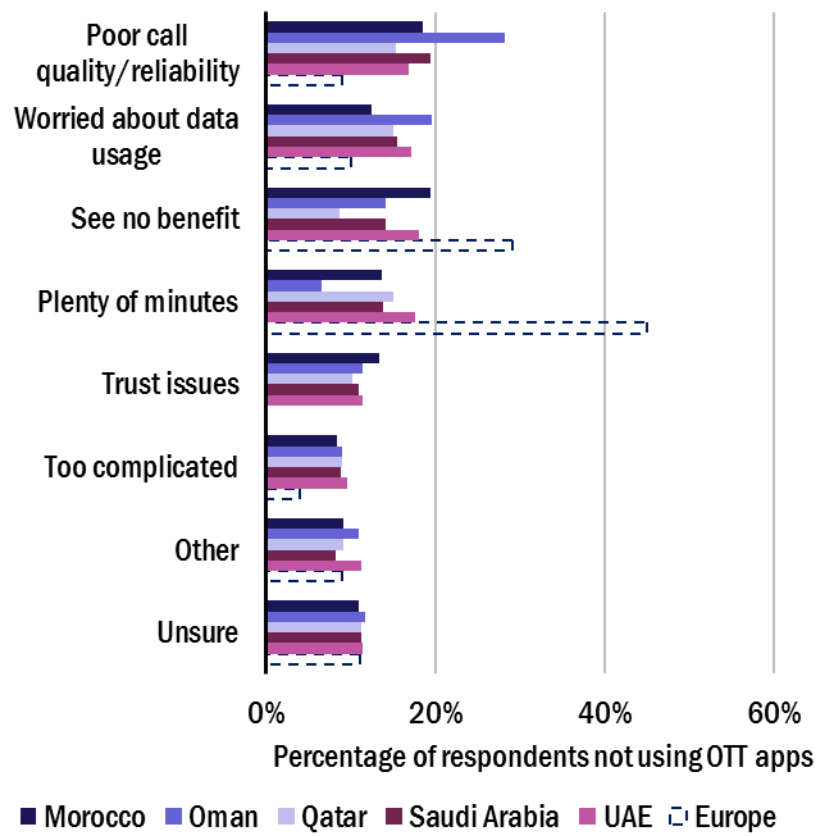
Overall, 44% of respondents used free or paid-for VoIP services. The 56% who do not use VoIP gave several reasons. The two most frequently cited reasons were the perceived poor quality of VoIP services and concerns about the impact of VoIP on data consumption. Respondents in Oman were particularly concerned about the quality of experience with 28% of respondents citing this factor. Overall, local nationals were more concerned about poor quality (22% compared to 17% of foreign nationals). The benefit derived from VoIP services is unclear for many users.

Throttling policies potentially exacerbate quality concerns in some countries. Nevertheless, these concerns were less pronounced than in 2015, when 26% of respondents cited this as a reason for not using VoIP. This may reflect a softening of operator policies as well as potentially reflecting network improvements as LTE coverage and capacity has increased.

Operators in MENA need to rebalance their tariffs to reduce their reliance on voice.

Concerns about data usage highlight the fact that operators are monetising the associated data usage on cellular networks. This is in contrast to Europe where the main reason given for not using VoIP is the availability of large bundles of minutes. Operators in these markets have increased voice allowances to counter the price benefit of OTT services. Operators in MENA need to rebalance their tariffs away from voice.

Figure 8: Reasons given by respondents for not using OTT voice services, by country



Source: Analysys Mason

Question: “Why do you not use apps to make phone calls on your mobile phone?”; *n* = 3107.

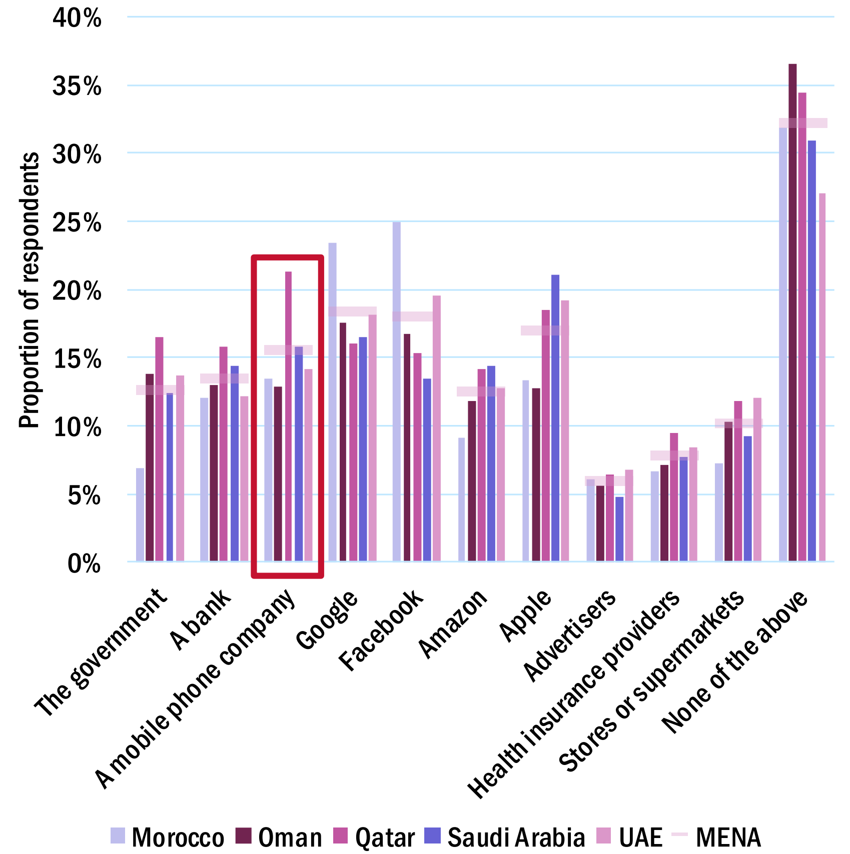
Operators in MENA enjoy higher levels of trust than most organisations except global technology giants

Consumers in MENA have similar levels of trust towards mobile operators and companies like Google, Facebook and Apple. This puts operators in a good position to launch digital services that depend on sensitive personal data like finance or healthcare.

In MENA, trust in organisations – defined as consumers' willingness to share personal data in exchange for some benefit – is higher for mobile operators (16%) than for the government or banks (with 13%), retailers (10%) or advertisers (8%). Only Google and Facebook (18%), and Apple (17%) command somewhat higher levels of reported trust. Operators must make efforts to increase their positioning against these technology players, because their ability to successfully launch digital services that depend on sensitive consumer data (like mobile financial services, or health) hinges upon their perception as trusted custodians of users' data.

Local differences abound. In Morocco, for example, trust in Google (23%) and Facebook (25%) is significantly higher than the regional average of 18% for both companies, while respondents' trust in the government is below the regional average at 7%. In Qatar, the reported trust in mobile operators (21%), the government (17%), and banks (16%) is above the regional average of 16% for operators, and 13% for both government and banks, respectively.

Figure 14: Willingness to trust an organisation with personal data in exchange for a benefit, MENA[1]



Source: Analysys Mason

Question: "Which of the following organisations would you be comfortable sharing your private data with in exchange for some sort of benefit such as a product or service discount?"; *n* = 5000.

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About the authors

Enrique Velasco-Castillo (Senior Analyst) is a lead analyst for Analysys Mason's *Digital Economy Strategies* research programme, focusing on the opportunities for communications service providers and vendors in emerging verticals such as payments, ecommerce and advertising. Previously, Enrique covered mobile financial services and M&A and funding activity for more than 2 years at research firm IHS, where he wrote several reports on the opportunities for mobile operators in mobile payments and venture capital investments in mobile. Enrique also has research experience in 'cleantech' and healthcare from other previous roles.

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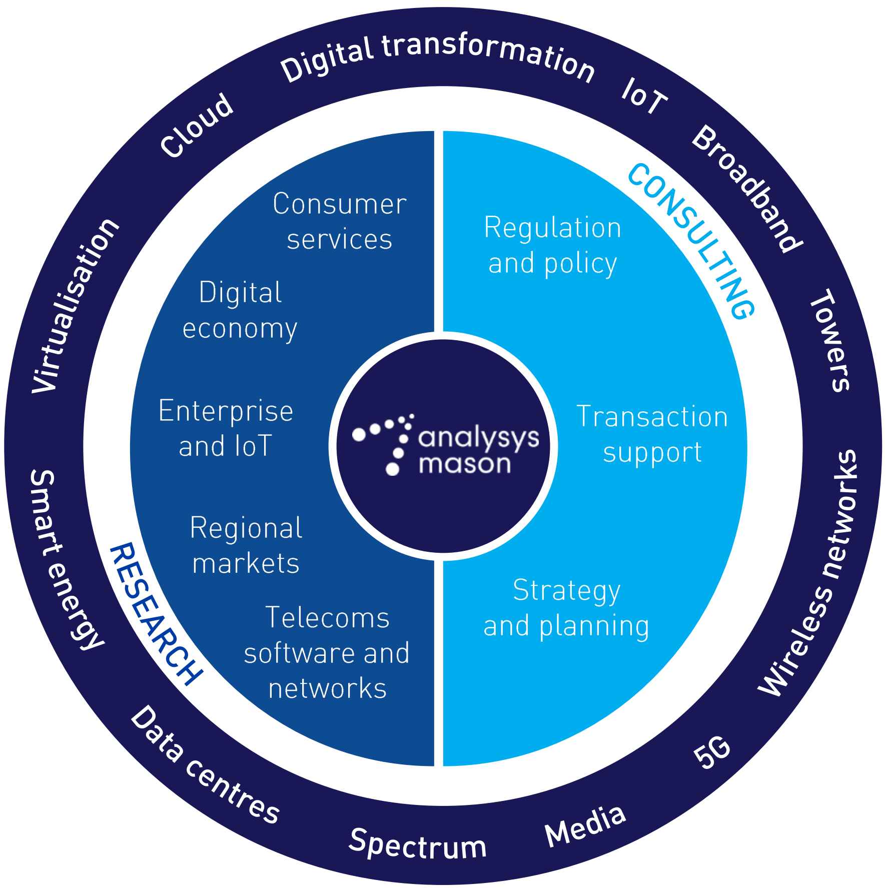

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