RESEARCH SURVEY REPORT

# CONNECTED CONSUMER SURVEY 2016: OTT AND DIGITAL ECONOMY SERVICES IN DEVELOPED ASIA–PACIFIC

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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 developed Asia–Pacific (DVAP) 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 October and November 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 a minimum of 1000 respondents per country, and 4000 respondents in the region.

**GEOGRAPHICAL COVERAGE**


**KEY QUESTIONS ANSWERED IN THIS REPORT**

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

**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.

# LINE and Facebook Messenger are the major regional communications apps – WhatsApp has little presence

**There is no single dominant communications app in DVAP: LINE and Facebook Messenger share the strongest overall position.**

LINE has a strong position in its domestic market of Japan, where it is used by 84% of respondents. It also continues to enjoy a strong following among younger users. Facebook Messenger and Skype are also active in Japan, but do not have a strong presence.

Taiwan is also a strong market for LINE, but the app faces challenges from Facebook Messenger and Chinese player WeChat. Facebook Messenger is particularly strong among younger users, suggesting potential for growth and perhaps even the future displacement of LINE as market leader. 60% of respondents under 25 years of age used Messenger.

KakaoTalk is easily the dominant player in South Korea, its domestic market. The only other app with a significant user base is Facebook Messenger.

The main US-based players are stronger in Australia, although the overall market appears relatively underdeveloped. 12% of respondents over 35 years of age said that they did not use apps to communicate with friends and family. Facebook Messenger and Skype are the leading apps. WhatsApp is relatively strong in Australia (used by 29% of respondents), but is some way behind its position in most Western countries. We expect to see further changes to the composition of the OTT user base in Australia.

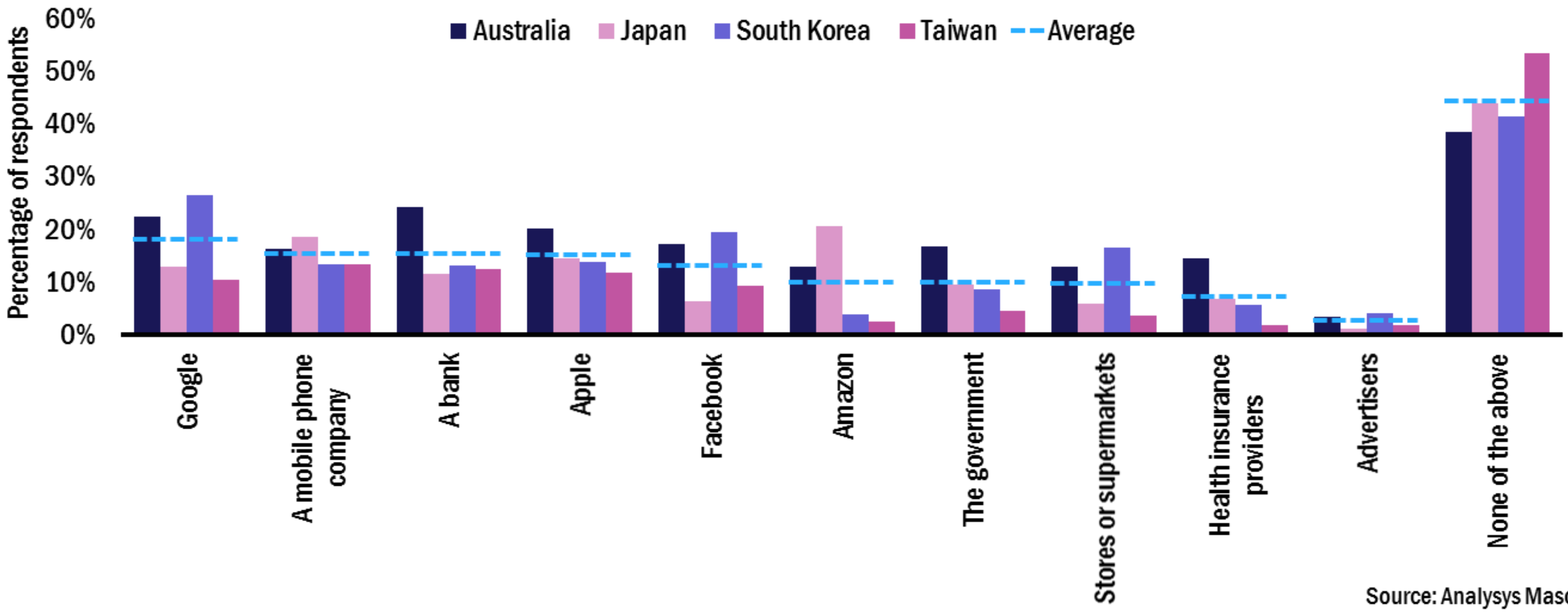
Figure 4: Penetration of selected communication apps by country[1]

| | Australia | Japan | South Korea | Taiwan |
|---|---|---|---|---|
| LINE | 11% | 84% | 9% | 86% |
| Facebook Messenger | 67% | 14% | 22% | 56% |
| KakaoTalk | 4% | 5% | 74% | 2% |
| Skype | 33% | 16% | 5% | 13% |
| WhatsApp | 29% | 2% | 1% | 8% |
| WeChat | 9% | 2% | 1% | 15% |
| Viber | 12% | 1% | 1% | 1% |
| Telegram | 4% | 1% | 2% | 1% |
| imo | 5% | 0% | 1% | 1% |
| Other | 9% | 6% | 9% | 5% |
| None | 8% | 7% | 7% | 5% |

[1] Question: "Which of the following apps do you use for communicating with your friends and family on your mobile phone?"; *n* = 4000.

# Consumers in DVAP appear reluctant to share personal data with most types of organisations

Figure 14: Percentage of respondents willing to trust an organisation with personal data in exchange for a benefit by country and type of organisation[1]




Source: Analysys Mason

**Of the organisations presented, users are most willing to share their personal data with Google in exchange for a benefit (18% of respondents). Consumers' willingness to share their data is key to the success of digital activities that rely on private or sensitive data, such as financial services or healthcare.**

44% of respondents in DVAP stated that they were unwilling to share their private data with any of the organisations in our survey – a result that is consistent across gender and age. Operators have higher or similar levels of trust to banks in all the surveyed countries, with the exception of Australia. In particular, operators enjoyed higher levels of trust than banks, Google or Facebook in Japan, illustrating their strong position with data-sensitive services in that country.

[1] 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* = 4000.

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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.

**Aris Xylouris** (Analyst) is a key contributor to Analysys Mason's primary research for the *Consumer Services* research practice, and manages our *Connected Consumer Survey* and *Consumer smartphone usage* series of research. His work involves in-depth coverage of issues such as consumer behaviour, convergence and bundling, TV and media, and mobile and fixed service pricing. He also specialises in statistics and primary research analysis.

**Stephen Sale** (Research Director, Consumer Services) oversees Analysys Mason's consumer research and is also the lead analyst for the *Future Comms* research programme. His primary areas of specialisation include next-generation communication services, over-the-top (OTT) player strategies and mobile pricing. He also has extensive experience in analysing operator strategies and forecasting fixed and mobile service markets. Before joining Analysys Mason in 2004, Stephen worked in the industry on areas that include VoIP, next-generation service architecture and broadband access. He has a degree in economics and an interdisciplinary MRes from the University of London.

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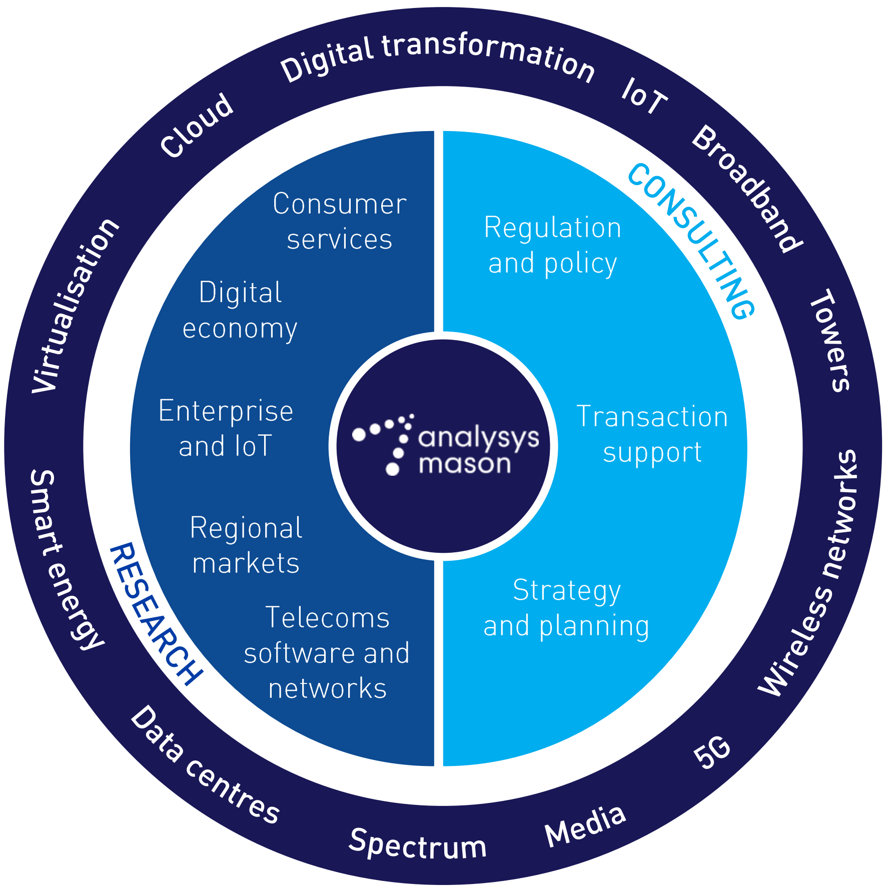


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