RESEARCH

Connected Consumer Survey 2018: OTT services in emerging Asia–Pacific

Giulio Sinibaldi

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 emerging Asia–Pacific (EMAP). In particular, it focuses on respondents' usage of over-the-top (OTT) communication and paid-for online video services.

The survey was conducted in association with On Device Research (ODR) between August and October 2018. The survey groups were chosen to be representative of the mobile-Internet-using population in emerging Asia–Pacific. We set quotas on age, gender and geographical spread to that effect. There were a minimum of 1000 respondents per country.

KEY QUESTIONS ANSWERED IN THIS REPORT

- Which OTT communication and paid-for online video apps are used most in emerging Asia–Pacific?
- Where is there potential for growth in the OTT communication and paid-for online video space?
- Which features are most frequently used on OTT communication apps?
- How do smartphone users in emerging Asia–Pacific balance their use of paid-for video services, traditional pay TV and free-to-air services?
- Is there any remaining potential for monetisation for mobile operators?

GEOGRAPHICAL COVERAGE

Emerging Asia–Pacific

- Indonesia
- Malaysia
- Philippines
- Thailand
- Vietnam

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 video 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 and paid-for online video services.
- 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 related to communication and entertainment services.

The Facebook ecosystem is taking over from LINE in Indonesia, but regional platform propositions are consolidating their presence elsewhere in the region

OTT communication apps are popular with almost all smartphone users; only 2% do not use any. The Facebook ecosystem is becoming more dominant in the OTT communication market in EMAP, as in other regions of the world. However, local and regional platform propositions (such as LINE, WeChat and Zalo) have still been able to maintain a significant footprint.

In Indonesia, FB Messenger and WhatsApp are dominating the market: they are the only services whose penetration grew between 2017 and 2018 (13pp and 7pp, respectively) and they are used by 92% of respondents. These results are in line with Facebook's communication that reports Indonesia as being one of the top-three countries in terms of increasing its number of monthly average users (MAU) for Facebook services. The reported adoption of LINE in Indonesia decreased by 15pp (compared to that in 2016). These results confirm that the drop in combined MAU for LINE in Indonesia, Taiwan and Thailand reported by Naver[1] (measured between 4Q 2016 and 4Q 2018) is probably concentrated in Indonesia.

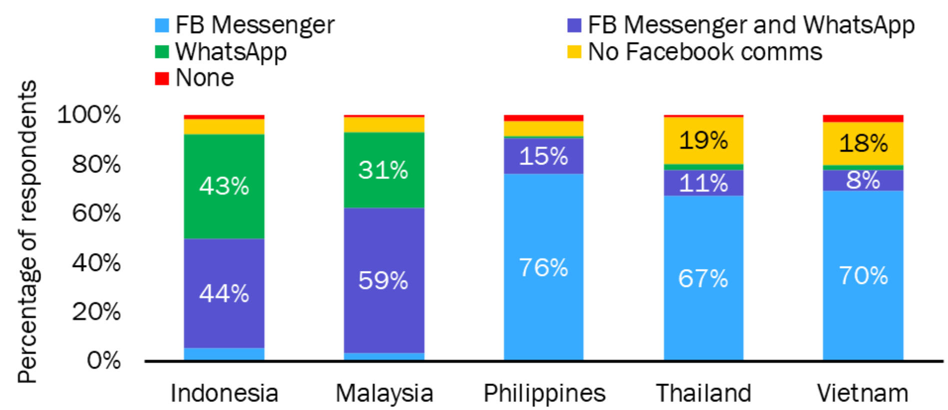
In Malaysia, WeChat consolidated its position with a 7pp increase in penetration compared to that in 2017, but 93% of respondents still use at least one Facebook service.

In the Philippines, FB Messenger has long been the default messaging platform, preventing all other communication services from growing out of their niches. In Thailand and Vietnam, LINE and Zalo, respectively, coexist with the Facebook ecosystem.

Figure 2: OTT communication service penetration, by country[1]

	Indonesia	Malaysia	Philippines	Thailand	Vietnam
FB Messenger[2]	50%	63%	91%	78%	78%
WhatsApp	87%	90%	16%	13%	10%
LINE	25%	15%	12%	74%	16%
WeChat	7%	44%	10%	9%	10%
Telegram		26%	10%	6%	
Skype	4%	11%	24%	8%	15%
FaceTime	2%	8%	12%	14%	24%
Viber	2%	5%	23%	4%	18%
SnapChat		9%	13%	4%	4%
Zalo					73%
BBM	15%				
Other	14%	12%	12%	11%	12%
None	2%	1%	2%	1%	3%

Figure 3: The adoption of Facebook services, by country[1]

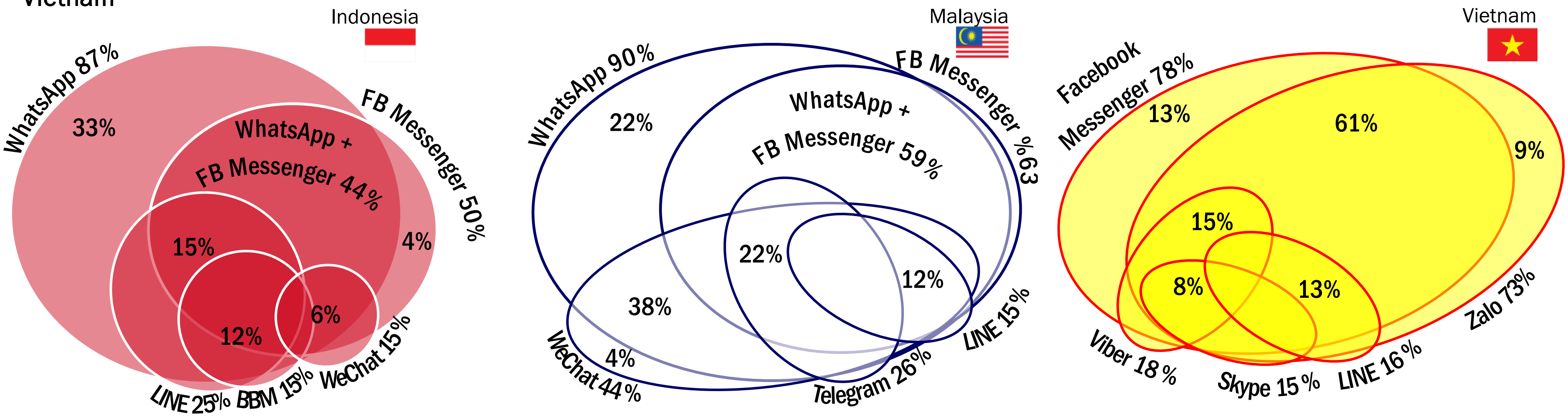


Source: Analysys Mason

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

The coexistence of the Facebook ecosystem and regional platform propositions is leading to a fragmented communication experience

Figure 4: Proportion of respondents using OTT apps, showing the intersection of the main app communities in Indonesia, Malaysia and Vietnam[1]



Smartphone users in EMAP often rely on two apps to serve their communication needs: typically FB Messenger, WhatsApp or a regional platform proposition and a niche service app, such as Skype, SnapChat or Viber. The coexistence of multiple successful apps is leading to fragmentation in the OTT communication market; consumers use an average of 2.4 apps each.

Active users in Malaysia use more apps on average (2.8 each) than those elsewhere. This is because the penetration of Telegram and WeChat is growing (+7pp and +10pp, respectively, since 2017) but both FB Messenger and WhatsApp are still used by the majority of the population. The average user in Vietnam uses 2.6 apps; the penetration of Zalo (a local platform proposition) and FB Messenger grew by 12pp and 4pp, respectively, since 2017. In the Philippines, the average user uses 2.3 apps; Skype and Viber serve almost a quarter of the panel despite the popularity of FB Messenger. The average Thai user uses 2.2 apps; these are most-commonly FB Messenger and LINE (the penetration of which changed by +14pp and –6pp, respectively, since 2017). Indonesian respondents have the least fragmented communication experience and use an average of 2.1 services each; consumers tend to leave LINE for the Facebook ecosystem.

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

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About the author

Giulio Sinibaldi (Research 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.

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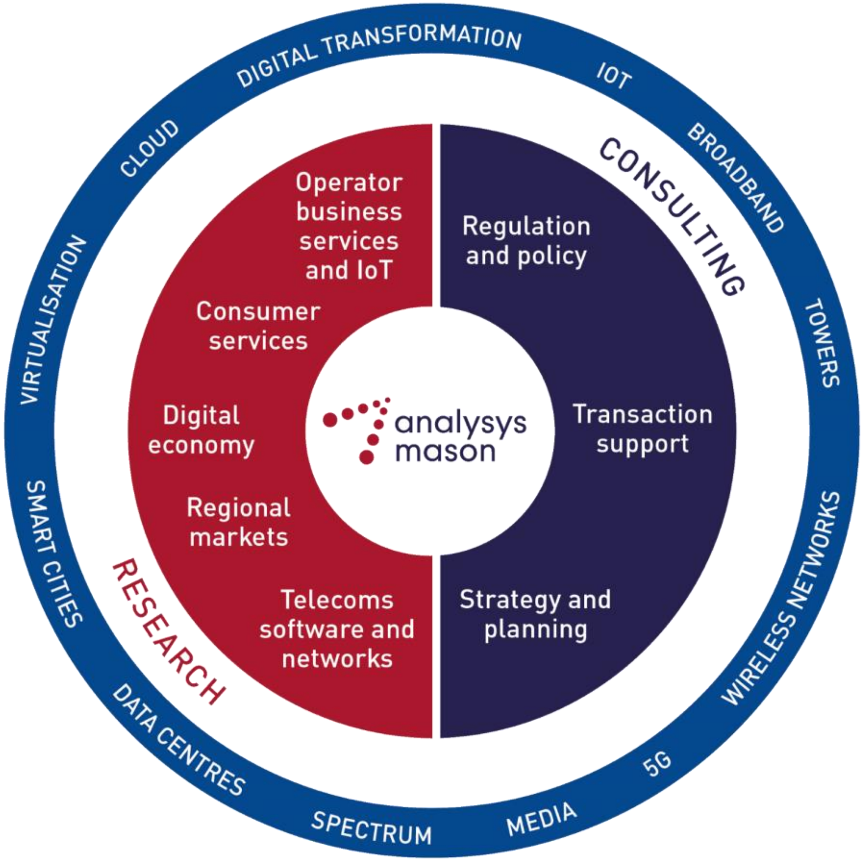

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