

RESEARCH SURVEY REPORT

CONNECTED CONSUMER SURVEY 2017: OTT AND DIGITAL ECONOMY SERVICES IN EMERGING ASIA PACIFIC

ENRIQUE VELASCO CASTILLO and GIULIO SINIBALDI



About this report

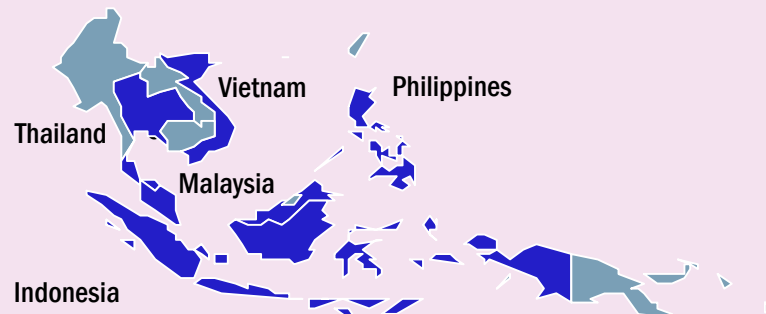
This report focuses on aspects of Analysys Mason's *Connected Consumer Survey* that relate to the behaviour, preferences and plans of smartphone users in the emerging Asia-Pacific (EMAP) region. In particular, it focuses on respondents' usage of over-the-top (OTT) communications and digital economy services.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

The research was conducted from August to October 2017. 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 5000 respondents in the region.

KEY QUESTIONS ANSWERED IN THIS REPORT

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

GEOGRAPHICAL COVERAGE



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.

WhatsApp and Facebook Messenger compete with regional platforms for control of the OTT communication market






OTT communication applications are adopted by nearly all smartphone users: only 2% of respondents did not use them. 81% of the sample respondents used at least one Facebook-owned service (Facebook Messenger or WhatsApp), with peaks in Malaysia (90%) and the Philippines (88%). As in many countries, Facebook services dominate the OTT market in the Philippines and Malaysia. In the other countries surveyed these services compete with regional platform propositions such as LINE and WeChat.

LINE is the leading OTT communication app in Thailand and it is challenging the domination of WhatsApp in Indonesia, where it reported a striking 23 percentage point (pp) penetration growth compared to the 2016 survey results.¹ The platform's penetration also grew by 6pp in Malaysia and Vietnam. WeChat is the third most adopted OTT communication app in Malaysia, and is particularly popular among 25–34 years olds (41% penetration), but it is not commonly used in the other countries surveyed.

Skype and Viber are the main VoIP calling apps in the Philippines and Vietnam, where they have benefitted from zero-rated and specific traffic allowances offered by leading operators. Telegram occupies a niche in the Malaysian OTT market, while it is marginal in the other countries. The app was still used by a minority of Indonesian respondents, even though the service was banned in the country in July 2017 for security reasons.

¹ Countries represented in the *Connected Consumer Survey 2016* were Indonesia, Malaysia, the Philippines and Vietnam; *n*=4000.

Figure 1: Penetration of selected communications apps, by country²

					
Facebook Messenger	37%	53%	87%	64%	74%
WhatsApp	80%	87%	11%	8%	9%
LINE	63%	18%	9%	81%	16%
FaceTime	4%	13%	15%	15%	- ³
Skype	6%	11%	26%	7%	19%
WeChat	6%	37%	7%	6%	7%
Viber	1%	4%	29%	2%	25%
Zalo	-	-	-	-	62%
Telegram	7%	16%	5%	2%	-
imo	3%	4%	4%	2%	2%
Other	13%	10%	13%	9%	9%
None	2%	3%	3%	2%	3%

Source: Analysys Mason

² Question: "Which of the following apps do you use for communicating with your friends and family on your mobile phone?"; *n*=5000.

³ Facetime penetration in the Vietnamese sample is not reported because the iPhone owner population is overrepresented in the country sample.

Mobile operators face strong competition for consumers' trust from Facebook and Google, but fare much better than Chinese players

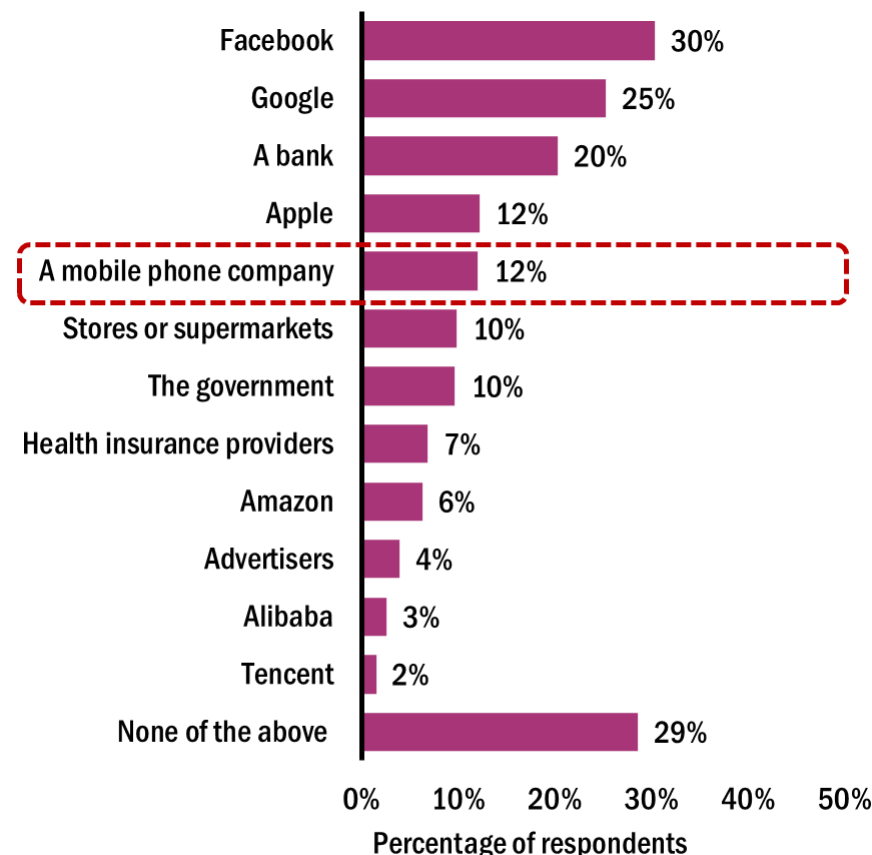
30% of respondents in EMAP would trust Facebook with private data, compared to 12% that would do the same with their mobile operator. However, only 2% of participants in EMAP would be willing to share private data with Tencent.

Respondents' willingness to share private data is used as a proxy to understand how much consumers place trust in different types of organisations. The highest levels of trust in EMAP were achieved by Internet giants Facebook (30% of respondents) and Google (25%). Facebook did particularly well in Vietnam, where 38% of participants said that they would trust the social networking giant with their private data.

Operators in EMAP were trusted by 12% of respondents; this is lower than banks, which were trusted by 20% of participants. Trust in mobile operators was the highest in Malaysia, with 15% of participants saying that they would be willing to share private data with their carrier. In contrast, only 7% of respondents in Indonesia reported that they were willing to share personal data with their mobile operator.

Banks performed well in Malaysia (27% of respondents reported that they would share data), illustrating the challenges that other players (including operators) face to gain consumers' trust for the provision of financial services. In contrast, Chinese players Alibaba and Tencent received the lowest trust scores among EMAP participants, with only 3% and 2% of respondents, respectively, stating that they would share their private data.

Figure 12: Willingness to share personal data by organisation, EMAP¹



Source: Analysys Mason

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? Please select all that apply."; n=5000.

CONTENTS

EXECUTIVE SUMMARY

OTT COMMUNICATIONS AND MEDIA

PAYMENTS AND ECOMMERCE

METHODOLOGY AND PANEL INFORMATION

ABOUT THE AUTHORS AND ANALYSYS MASON

About the authors



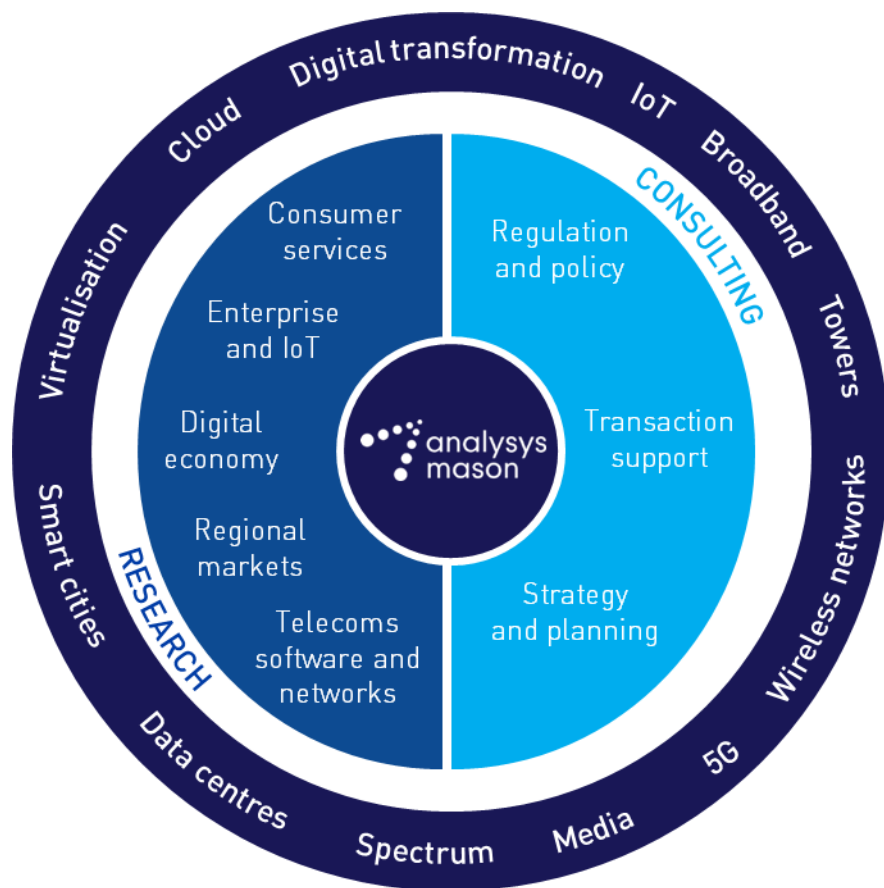
Enrique Velasco-Castillo (Senior Analyst) is a lead analyst for Analysys Mason's *Digital Economy Strategies* research programme, focusing on the opportunities for communications service providers and vendors in emerging verticals such as payments, ecommerce and advertising. Previously, Enrique covered 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.



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.

Analysys Mason's consulting and research are uniquely positioned

Analysys Mason's consulting services and research portfolio



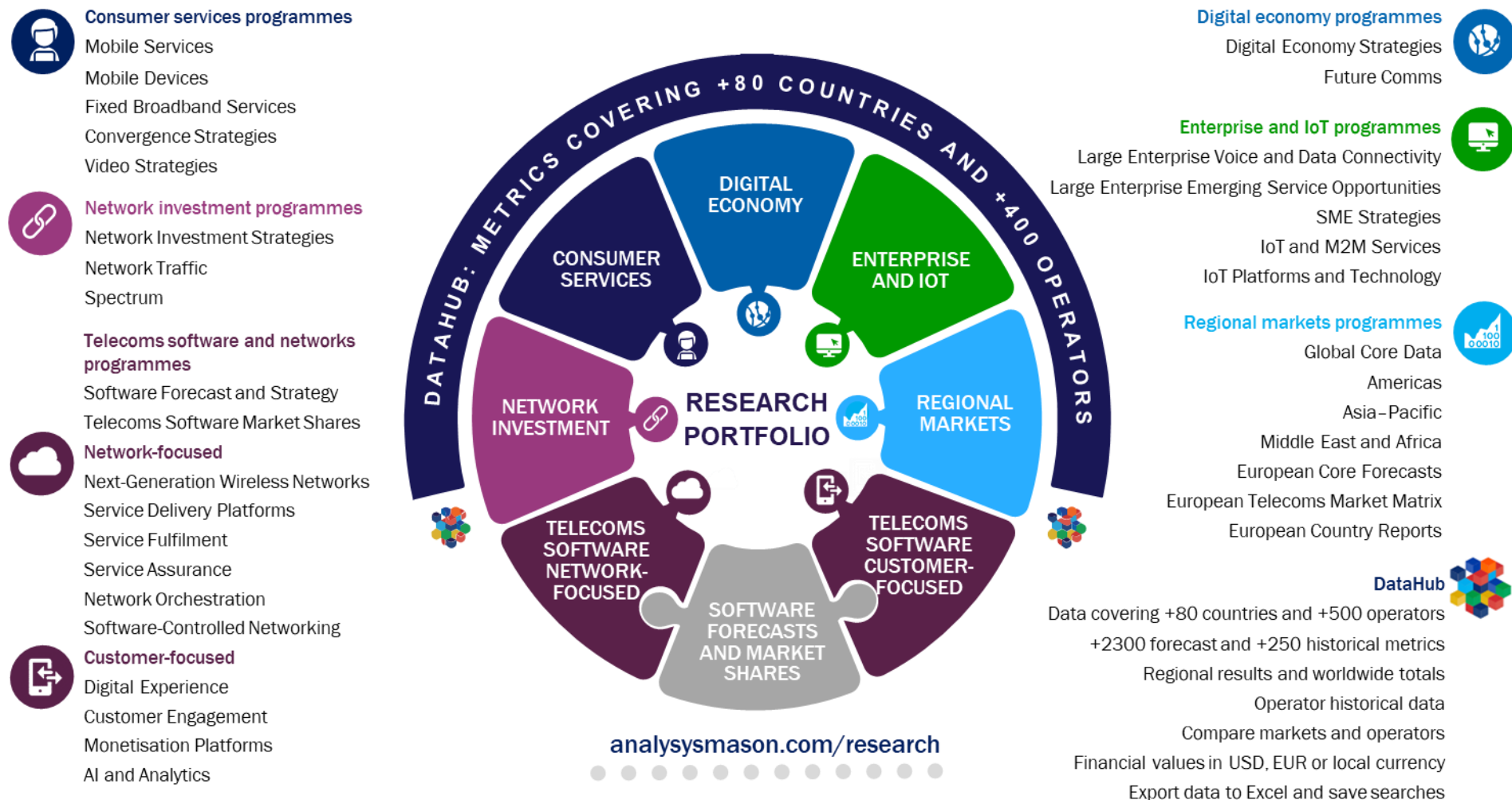
CONSULTING

- 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.

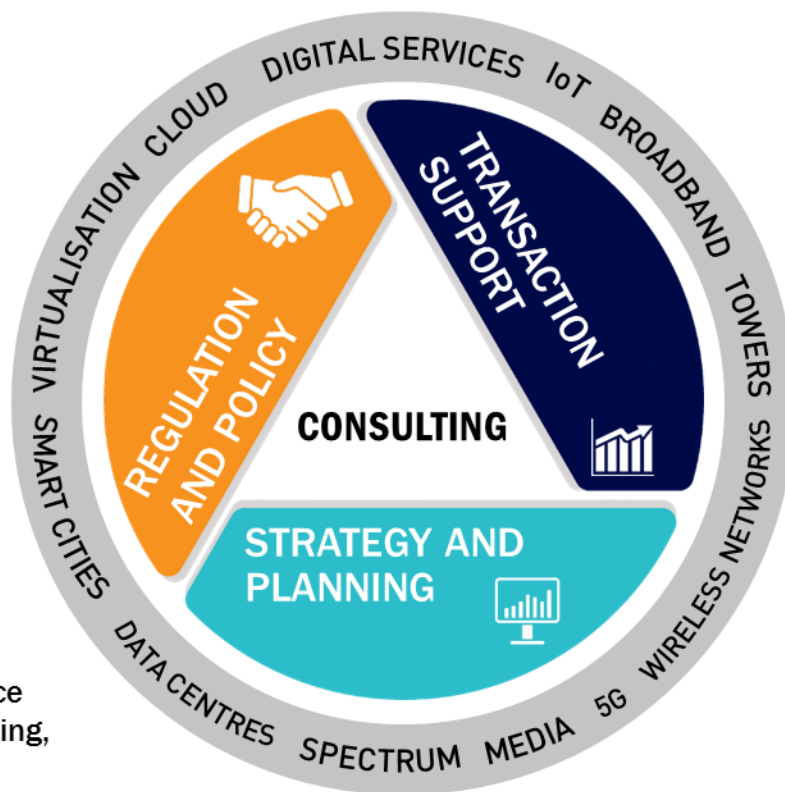
Research from Analysys Mason



Consulting from Analysys Mason

REGULATION AND POLICY

- Quality of service
- Market review
- Margin squeeze tests
- Analysing regulatory accounts
- Regulatory economic costing
- Policy development and response
- Media regulation
- Expert legal support
- Radio spectrum management
- Net cost of universal service
- Radio spectrum auction support
- Postal sector policy: universal service obligation (USO), liberalisation, costing, pricing and regulation



TRANSACTION SUPPORT

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

STRATEGY AND PLANNING

- Commercial expertise
- Technology optimisation
- New digital frontiers

analysismason.com/consulting

PUBLISHED BY ANALYSYS MASON LIMITED IN APRIL 2018

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 No. 5177472

© Analysys Mason Limited 2018. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means – electronic, mechanical, photocopying, recording or otherwise – without the prior written permission of the publisher.

Figures and projections contained in this report are based on publicly available information only and are produced by the Research Division of Analysys Mason Limited independently of any client-specific work within Analysys Mason Limited. The opinions expressed are those of the stated authors only.

Analysys Mason Limited recognises that many terms appearing in this report are proprietary; all such trademarks are acknowledged and every effort has been made to indicate them by the normal UK publishing practice of capitalisation. However, the presence of a term, in whatever form, does not affect its legal status as a trademark.

Analysys Mason Limited maintains that all reasonable care and skill have been used in the compilation of this publication. However, Analysys Mason Limited shall not be under any liability for loss or damage (including consequential loss) whatsoever or howsoever arising as a result of the use of this publication by the customer, his servants, agents or any third party.