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RESEARCH SURVEY REPORT

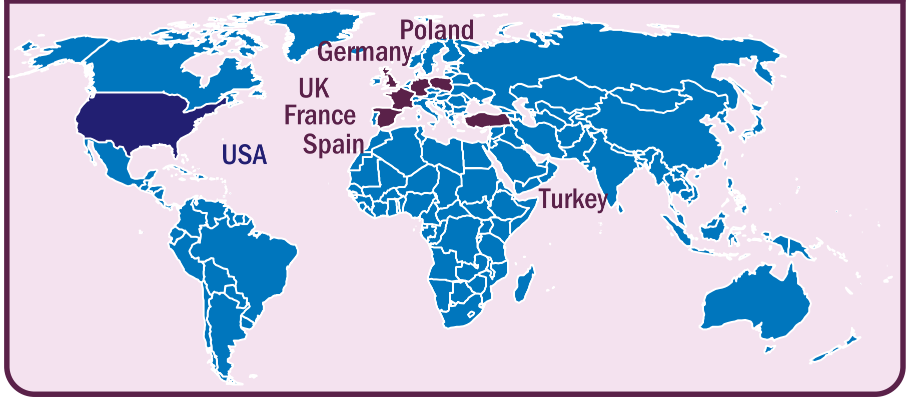
# CONNECTED CONSUMER SURVEY 2017: OTT AND DIGITAL ECONOMY SERVICES IN EUROPE AND THE USA

ENRIQUE VELASCO CASTILLO, GIULIO SINIBALDI and ARIS XYLOURIS

# 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 Europe and the USA. In particular, it focuses on respondents' usage of over-the-top (OTT) communications and digital economy services. The survey was conducted in association with Survey Sampling International (SSI).

The research was conducted in June 2017. The survey groups were chosen to be representative of the mobile-Internet-using population in Europe and the USA. 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

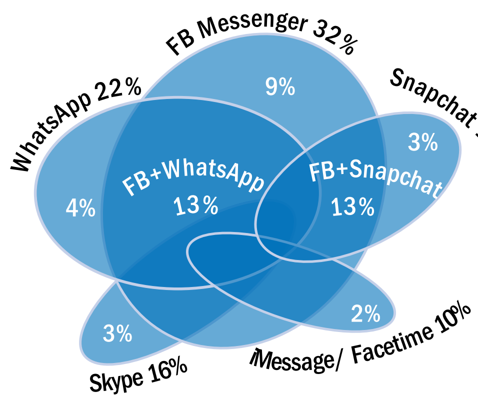
- Which OTT communications apps are used most in Europe and the USA?
- How do consumers in Europe and the USA balance OTT communications with traditional services?
- What are the main payment mechanisms, devices and product categories for ecommerce in Europe and the USA?
- Which organisations are consumers in Europe and the USA most willing to trust with their personal data?
- What are the trends in the adoption of privacy protection services such as VPNs in Europe and the USA?

## 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.

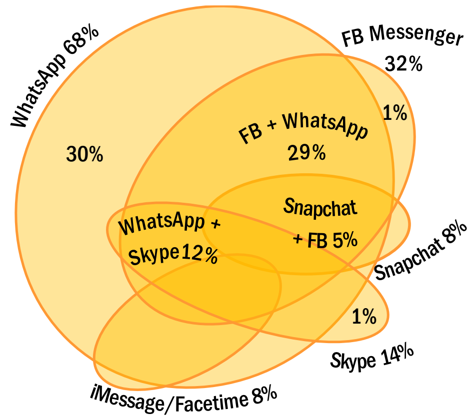
# The OTT communication experience is fragmented across Facebook services and niche propositions

Figure 3: Proportion of respondents using OTT apps, showing the intersection of the main app communities, France (n=1000)[1]



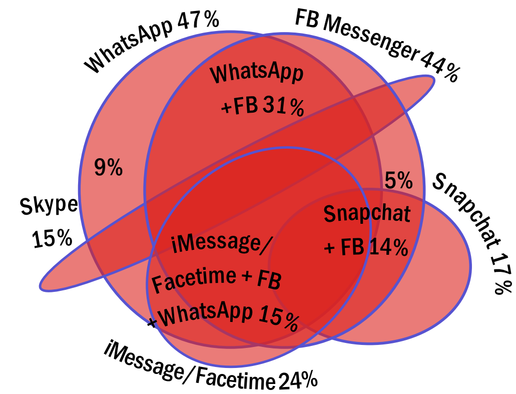

Source: Analysys Mason

Figure 4: Proportion of respondents using OTT apps, showing the intersection of the main app communities, Germany (n=1002)[1]




Source: Analysys Mason

Figure 5: Proportion of respondents using OTT apps, showing the intersection of the main app communities, UK (n=1008)[1]




Source: Analysys Mason

The OTT communication market revolves around the same services in all core European markets but is fragmented across all country samples because respondents use 3 or more messaging services to contact all the people they wish to interact with. It is common for OTT communications consumers to use WhatsApp, Facebook Messenger and one or more niche apps.

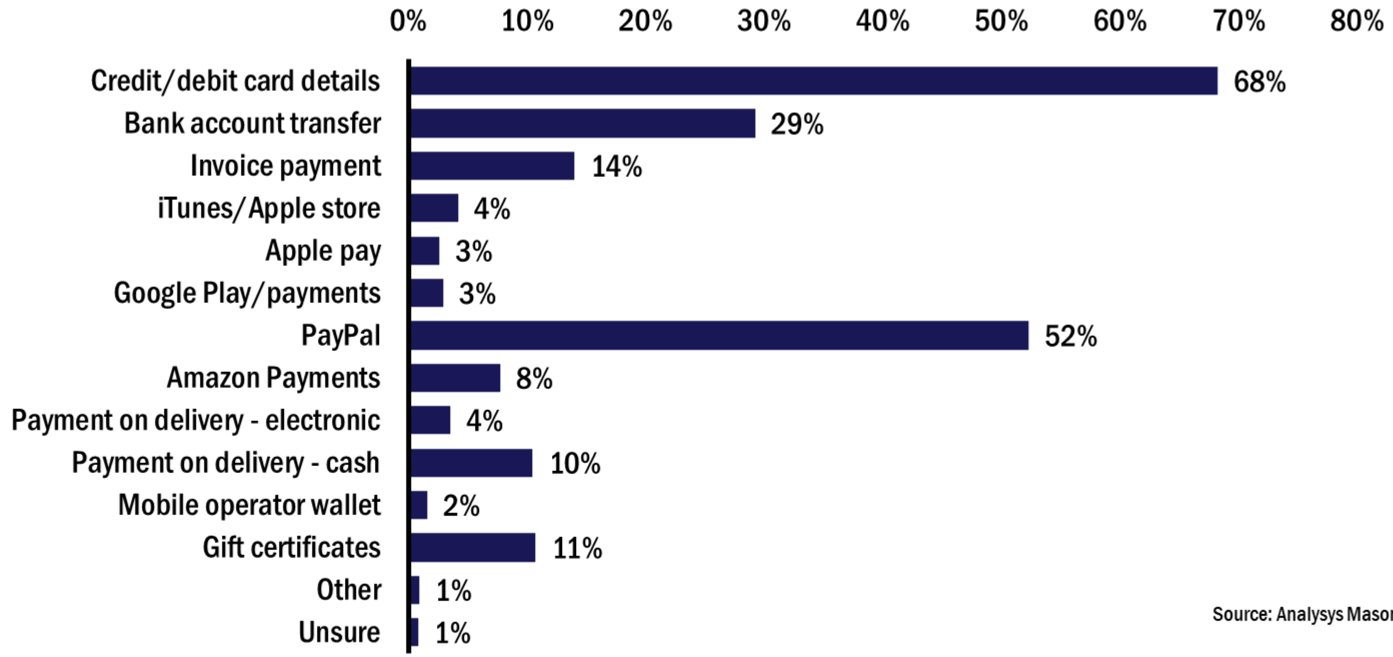
The French OTT communication market stands at an earlier stage of development than that in the other countries, as only 51% of respondents reported to actively use OTT communication apps.[2] French respondents use an average of 3.8 of OTT apps per person. The German market is more mature, with 72% of respondents using OTT communication apps. There is a relatively high proportion of WhatsApp-only users in Germany, which brings the average number of apps down to 3 per person.

In the UK, 63% of the sample uses OTT communications with an average of 4.2 apps used per person. Britons have the most fragmented usage in Western Europe. All major app communities continue to grow significantly: since 2015, WhatsApp and Facebook Messenger penetration has increased by 9 percentage points, while Snapchat and iMessage use has grown by 4 and 3 percentage points, respectively.

[1]Question: Which of the following social or communications apps do you use on your mobile phone? [2]Excluding social networking apps such a Facebook and Instagram.

# Apple and Google's mobile wallets have not yet achieved widespread use for online purchases

Figure 18: Penetration of mobile commerce payment services, Europe and the USA[1]




Source: Analysys Mason

**Two thirds of mobile purchases in Europe and the USA are made with payment cards. Mobile wallets, whether from technology players or mobile operators, have yet to become the preferred payment method for consumers.**

Mobile wallets have not become the 'top of wallet' mobile payments solution, despite strong marketing and investment. Payment (credit or debit) cards are the leading payment method for mobile commerce. The use of payment cards was the highest in the USA (87%), followed closely by France and the UK (86% and 85%, respectively). In contrast, mobile wallets, including those of Apple and Google, are used by less than 5% of respondents.

[1] Question: "What methods do you use to pay for online purchases on your mobile phone or tablet? Please select all that apply"; *n* = 6282.

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# About the authors

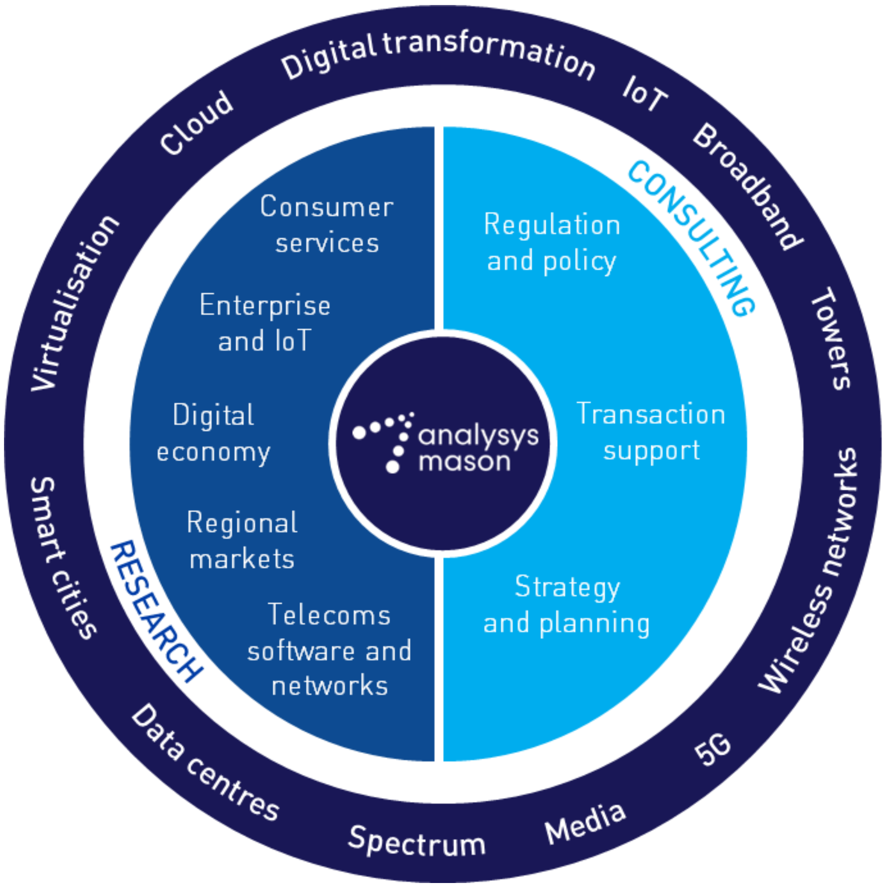
**Enrique Velasco-Castillo** (Senior Analyst) is a lead analyst for Analysys Mason's *Digital Economy Strategies* research programme, focusing on the opportunities for communications service providers and vendors in emerging verticals such as payments, ecommerce and advertising. Previously, Enrique covered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

**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.

**Aris Xylouris** (Analyst) is the lead analyst of the *Fixed Broadband Services* programme and a key contributor to Analysys Mason's primary research for the Consumer Services research practice. His areas of specialisation include fixed broadband strategy, the bundling and pricing of multi-play and convergence services, customer satisfaction and consumer-facing marketing strategy. He also specialises in statistics, surveys and the analysis of primary research, and manages Analysys Mason's *Connected Consumer Survey* and *Consumer smartphone analytics* series of research.

# 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.

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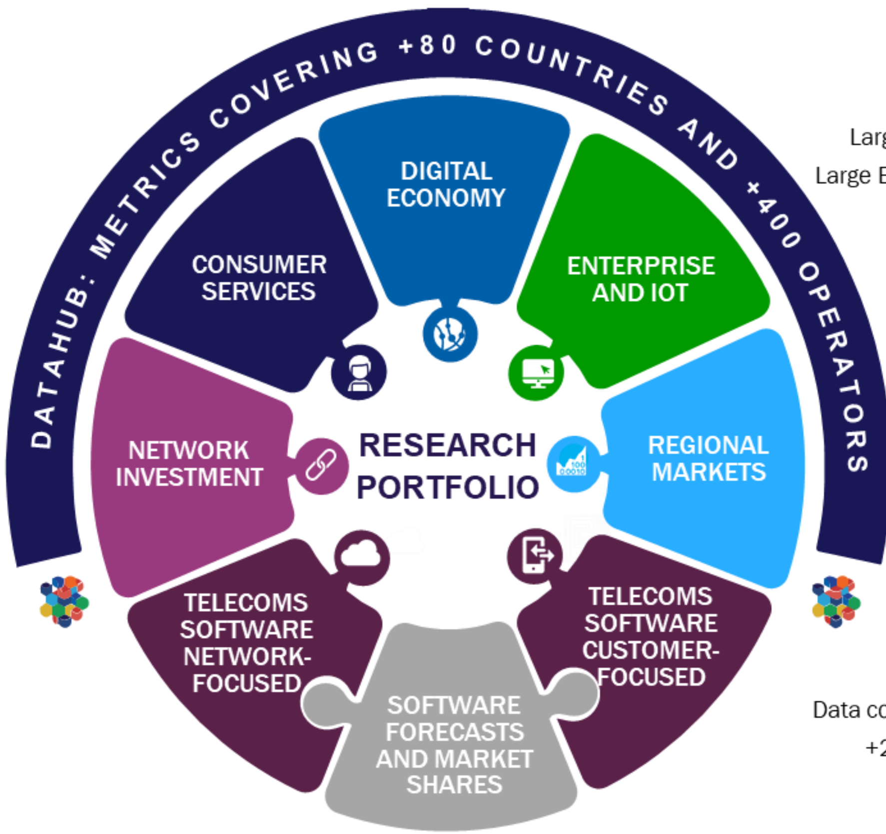


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- Net cost of universal service
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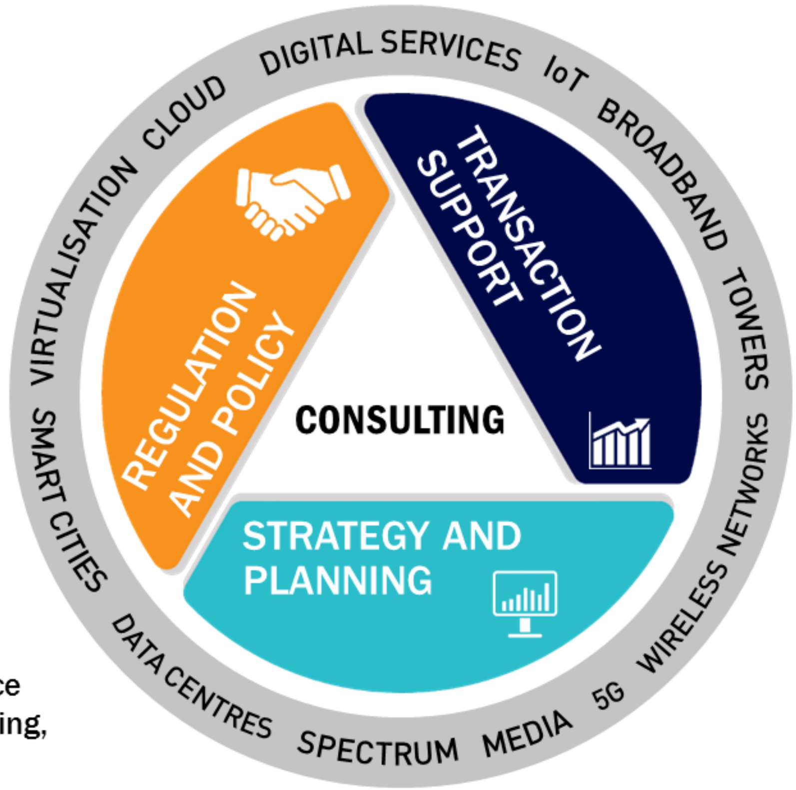


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- Technical due diligence
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**Bush House • North West Wing • Aldwych • London • WC2B 4PJ • UK**

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